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*Canada - War Expenditures and Economies
Special Committee on, 1945*

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SESSION 1945
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

WAR EXPENDITURES
AND
ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE *Grand Reports*

No. 1

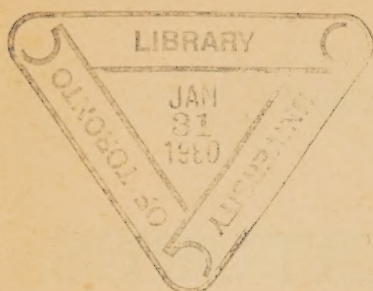
TUESDAY, NOVEMBER 13, 1945
TUESDAY, NOVEMBER 20, 1945

WITNESSES:

- Hon. C. D. Howe, Minister of Reconstruction;
- Mr. J. H. Berry, Chairman, Crown Assets Allocation Committee;
- Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945





ORDERS OF REFERENCE

TUESDAY, November 6, 1945.

Resolved,—That a Select Committee be appointed to examine the expenditure defrayed out of moneys provided by parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, and that notwithstanding Standing Order 65 the committee shall consist of twenty-five members, namely: Messrs. Benidickson, Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Homuth, Isnor, Jackman, Knowles, Lalonde Macdonnell, Marquis, McDonald (*Pontiac*), McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler, with power to send for persons, papers and records, to examine witnesses and to report from time to time to the House.

Attest

ARTHUR BEAUCHESNE,

Clerk of the House.

WEDNESDAY, November 14, 1945.

Ordered,—That the said Committee be empowered to print, from day to day, 500 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

Ordered,—That its quorum be reduced from 13 to 10 and that Standing Order 65 (3) be suspended in relation thereto.

Attest

ARTHUR BEAUCHESNE,

Clerk of the House.

REPORT TO THE HOUSE

TUESDAY, November 13, 1945.

The Special Committee on War Expenditures and Economies begs leave to present the following as a

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print, from day to day, 500 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.
2. That its quorum be reduced from 13 to 10 and that Standing Order 65 (3) be suspended in relation thereto.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

Concurred in November 14, 1945

MINUTES OF PROCEEDINGS

TUESDAY, November 13, 1945.

The Special Committee on War Expenditures and Economies met at 11:00 a.m.

The following Members were present: Benidickson, Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Dion, (*Lake St. John-Roberval*), Golding, Homuth, Isnor, Jackman, Knowles, Lalonde, Macdonnell, Marquis, McDonald (*Pontiac*), McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith, (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

On motion of Mr. McDonald (*Pontiac*), seconded by Mr. Golding, Mr. Isnor was appointed Chairman.

Mr. Isnor took the Chair and asked the Clerk to read the Order of Reference.

The Chairman made a brief statement dealing with the scope of the Reference, and inviting the co-operation of all the Members of the Committee. He expressed his intention of conducting the proceedings in the open, and in an orderly and business-like manner.

On motion of Mr. Michaud, Mr. Cote (*Verdun*), was elected Vice-Chairman.

On motion of Mr. McIlraith,

Resolved: That a Steering Committee be appointed, consisting of the following Members: The Chairman, the Vice-Chairman, and Messrs. Bradette, Cleaver, Jackman, Knowles, McLure, Reid and Shaw.

On motion of Mr. Cote,

Ordered: That the title of the Committee be as follows: "Special Committee on War Expenditures and Economies"

On motion of Mr. Macdonnell,

Resolved: That the House be requested to reduce the Committee's quorum from 13 to 10.

On motion of Mr. Shaw,

Resolved: That the Committee ask leave to print 500 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence.

The Clerk read a communication addressed to the Chairman by Mr. Charles E. Phillips, Secretary-Treasurer, The Canada and Newfoundland Education Association.

On motion of Mr. Reid,

Ordered: That the above communication and other similar correspondence be referred to the Steering Committee.

Mr. Knowles moved: That a subcommittee be appointed to enquire into the activities of the Commodity Prices Stabilization Corporation, Limited, and that the Steering Committee select the personnel of such Subcommittee and report back to this Committee at its next meeting.

Following discussion, Mr. Knowles agreed to withdraw his motion, the following, moved by Mr. Lalonde, being substituted therefor:

That the matter of inquiring into the activities of the Commodity Prices Stabilization Corporation, Limited, and all requests for inquiry into other specific matters, be first referred to the Steering Committee for study and report to the Committee.

Motion carried.

Mr. Jackman moved that the Steering Committee be empowered to allocate to Subcommittees of their nomination such subjects as the Committee refers to the Steering Committee.

After discussion, Mr. Jackman agreed not to press at this time his request for the appointment of Subcommittees, and obtained leave to withdraw his motion.

The Committee adjourned to the call of the chair.

TUESDAY, November 20, 1945.

The Special Committee on War Expenditures and Economies met at 11:00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs Benidickson, Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Homuth, Isnor, Jackman, Lalonde, Macdonnell, McDonald (*Pontiac*), McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*).

In attendance: Hon. C. D. Howe, Minister of Reconstruction; Mr. C. Gavsie, General Counsel, Department of Munitions and Supply; Mr. J. H. Berry, Chairman of the Crown Assets Allocation Committee and President of War Assets Corporation; Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply, and Mr. E. E. Thompson, Executive Secretary, Crown Assets Allocation Committee.

The Clerk read the First Report of the Steering Committee, as follows:

The Steering Committee of the Special Committee on War Expenditures and Economies begs leave to present its First Report.

Pursuant to instructions received from the main Committee on November 13th, your Steering Committee has given consideration to some of the subject-matters towards which the main Committee intends to direct its inquiries, and the order in which these subject-matters should be inquired into.

Your Steering Committee recommends that the main Committee determine its future activities with the understanding that it will first inquire into the four following subject-matters in the order named, viz:—

1. The Crown Assets Allocation Committee.
2. War Assets Corporation.
3. The Commodity Prices Stabilization Corporation, Limited.
4. The Wartime Prices and Trade Board.

It is further recommended:—

(a) That the Committee open its inquiry into the Crown Assets Allocation Committee with a general statement by the Minister of Reconstruction on the set-up and policy of the Crown Assets Allocation Committee, and War Assets Corporation.

(b) That the questioning of all witnesses be deferred until after such witnesses have completed their presentation so as to preserve the continuity of their statements.

(c) That notices of Committee meetings be sent to members of the Committee one day prior to any such meeting.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

On motion of Mr. Golding, the Steering Committee's report was adopted.

Hon. Mr. Howe made a brief statement and suggested that the Committee hear Mr. Berry in a more elaborate explanation of the set-up and functions of the Crown Assets Allocation Committee.

Mr. Berry was called. He expressing his regrets at not being able to read his statement, owing to a throat ailment, and asked permission to have the statement read by Mr. DeRoche.

Mr. DeRoche was called, and following the reading of Mr. Berry's brief, was questioned by several members.

In the course of his presentation, Mr. DeRoche filed the following documents, a copy of which was distributed to each member present:

- (a) Copy of Order in Council P.C. 9108, establishing The Crown Assets Allocation Committee and authorizing the incorporation of War Assets Corporation, Limited.
- (b) Copy of "An Act respecting Crown Assets", being Chap. 21, 8 George VI.
- (c) Statistical Report on operations of The Crown Assets Allocation Committee. Reports of surplus by Departments as of Sept. 30, 1945.
- (d) Schedule "D"—Surplus Assets transferred to War Assets Corporation—Oct. 19th, 1945, to November 8th, 1945.
- (e) Schedule "E"—Leased properties returned to reporting Department for termination—Oct. 19th, 1945, to November 8th, 1945.
- (f) Schedule "F"—Surplus assets transferred to other than War Assets Corporation—Oct. 19th, 1945, to Nov. 8th, 1945.

At 1:00 o'clock p.m., witnesses retired, and the Committee adjourned until Thursday, November 22nd, at 11:00 A.M.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, November 13, 1945.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, instead of thanking you for my election as chairman I am going to call on the clerk of the committee to read the reference authorizing the activities of this committee.

(Clerk reads):

"RESOLVED—That a Select Committee be appointed to examine the expenditure defrayed out of moneys provided by parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein."

The CHAIRMAN: Gentlemen, you have heard the reading of the reference and may I just be permitted to make a few brief remarks. In doing so, as I indicated a few moments ago, I do not propose to extend thanks for the honour conferred upon me. I fully realize that this means work, not for the chairman alone but for each member of the committee. As I read the reference it sets out three very definite purposes, and I feel sure after looking at the personnel of this committee that we can consider these matters in a purely businesslike manner. I am sure we are anxious to proceed in a businesslike and orderly manner in dealing with the various phases of the work outlined in the reference.

We are to deal with the examination of expenditures, more particularly those connected with national defence, and coupled with expenditures in connection with war services are those of demobilization and other matters directly connected with the war effort. In addition there are expenditures centering around the disposal of surplus goods as carried on by the War Assets Corporation. Then there is a second part of the reference which deals with economies, and I believe that that particular part is of interest not alone to you as members of this committee but to this country. I feel that it represents a very important part of our work; namely, to carry out our inquiry in such a way as to bring about economies for the good of the country.

The powers of the committee include the calling of persons, the calling for papers and records, and the examination of witnesses together with a report from the committee to the House from time to time.

Now, may I say at the outset that the question was raised in the House as to whether our meetings would be public meetings. In the past the meetings of the War Expenditures Committee were held in camera. As chairman, and I think I have your support, in the few recommendations I am going to make, I want to see everything aboveboard and meetings open at all times. You may call for any or all witnesses that you wish to have so that we have as complete an inquiry as is possible.

I have mentioned orderly procedure, I do not think I need stress that. I think we all understand that if we are going to make any headway we must have orderly procedure, and I am going to suggest even at the expense of possibly being a little unpopular that members be careful not to make long speeches. I shall endeavour to be as impartial as I can in my rulings, but I will insist that instead of long speeches we conduct our sittings along business-

like lines and in the quickest possible manner with the view in mind of dealing with the matters for which the committee was set up.

That is all I wish to say except that I will ask you to appoint a vice chairman. I cannot be here all the time, I say that quite frankly; I shall have to go home once in a while for business and other reasons, and you should appoint a vice chairman. I shall also ask you to appoint a steering committee to assist me in arranging the matters which will come before the committee from time to time.

(Mr. Paul Emile Cote (*Verdun*), was appointed vice chairman.)

(Steering committee of nine members was set up.)

(Discussion regarding steering committee followed.)

The CHAIRMAN: The next matter, which is not a very important one has to do with whether we shall continue to call this committee the War Expenditures Committee or whether we shall change the name to include the one word "Economies". Because of the terms of the reference I suggest the name "War Expenditures and Economies Committee".

Mr. BLACK: We cannot give the committee a different name from that which was given it in the House.

The CHAIRMAN: There was no name given it. I pointed out in my early remarks that the reference covers three headings: expenditures, taking care of the surpluses, and economies to be effected. As I said before, it is not an important matter and if you wish to use the old name that is quite in order.

Mr. CLEAVER: You have given the matter some thought, what do you suggest?

The CHAIRMAN: I have four names in front of me and I am recommending that we consider the name "War Expenditures and Economies".

Mr. SHAW: Would that name cover the third reference, namely, the disposal of surplus Crown assets?

The CHAIRMAN: Economies? Yes. If we can effect any economies under that heading, that is fine.

Mr. COTE: I think this is an appropriate suggestion and I approve of it.

Mr. REID: Let us have the other names.

The CHAIRMAN: Do not let us get into a long discussion on the others. They are: Special Committee on Expenditures for War Services; Special Committee on National Expenditure and National Economy, and Special Committee on Expenditures for National Defence and Demobilization.

Mr. BLACK: It occurs to me that the words "Crown assets" should be in there—that is a matter involving hundreds of millions of dollars.

The CHAIRMAN: Perhaps, due to my training in the advertising business I like to visualize what a name looks like on the cover and we should have the name as short as possible, and the name War Expenditures and Economies fits nicely into your notice as well as on the cover of the minutes.

On motion by Mr. Cote, seconded by Mr. Winkler, the name War Expenditures and Economies Committee was approved.

Mr. MACDONNELL: It has been suggested that it might be desirable to have our quorum reduced, and I move, seconded by Mr. Homuth, that the House be requested to reduce the committee's quorum from 13 to 10.

Mr. STEWART: I cannot see the necessity for it. This is one of the most important committees and it is the bounden duty of every man to attend this committee when possible. It should get priority over everything else. I do not see why we should reduce the quorum to 10.

Mr. CLEAVER: May I say that when 10 of the faithful are present and ready to start those 10 should not be left kicking their heels waiting for a quorum. Past experience shows that in practically all parliamentary committees when a move is made to reduce a quorum there is a sharp opposition for a meeting or two.

Mr. STEWART: In that case I withdraw my suggestion. I may have misinterpreted what the chairman said at the beginning that this committee should be carried on in a businesslike way.

The CHAIRMAN: We will not waste time taking exception to that remark. I take it that it is the intention of the mover and seconder that we conduct our proceedings along businesslike lines and can save time by reducing the quorum from 13 to 10.

Agreed.

(Discussion followed on the number of copies of the evidence to be printed.)

The CHAIRMAN: Now I wish to know whether the committee would like to hear read any communications we have or whether you would like those communications referred to the steering committee. We will save considerable time in doing it that way because we are going to have considerable correspondence.

Mr. HOMUTH: What type of correspondence do you have in mind? Have you anything there that would give us an idea?

The CHAIRMAN: Yes, we will place this letter on record for the time being, more or less as a guide to our future course.

November 8th, 1945.

Mr. G. Isnor, M.P.,
Room 456,
House of Commons,
Ottawa, Ont.

Dear Sir:

This letter is written to you as a member of the war expenditures committee of the House of Commons. Will you please bring it to the attention of the chairman* of the committee when he is appointed? A similar letter has been sent to Mr. G. J. McIlraith, M.P.

On behalf of the educational authorities in all provinces, the Canada and Newfoundland Education Association wishes to place before your committee the claim of education:

That war surpluses useful for instructional purposes should be turned over to publicly supported schools without charge.

Present policy of the War Assets Corporation is to give non-saleable articles and scrap to the schools "on indefinite loan", but to insist on payment at regular prices for equipment of value which the schools really need—machine and hand tools, typewriters (for commercial classes), motion picture projectors, and radio receivers. This policy is, we believe, contrary to the best interests of education and of the people of Canada. Our reasons for asserting the claim of the schools to this equipment are stated briefly on the page enclosed.

There is no insurmountable difficulty in providing for a free and equitable distribution of this equipment. Our association, whose directors represent the departments of education in all provinces, has offered its services to the Minister of Reconstruction in arranging for an allotment of equipment satisfactory to all provinces.

The directors of the Canada and Newfoundland Education Association, therefore, urge your committee to recommend to the government of the Dominion of Canada action in accordance with the above statement, namely:

That war surpluses useful for instructional purposes be made available to publicly supported schools without charge.

If you wish a further explanation of any aspect of this matter, I should be glad to appear before your committee to present a brief, or answer questions at any time before November 17th, or after November 21st.

Yours very truly,

(Sgd.) CHARLES E. PHILLIPS,

Secretary-Treasurer,
The Canada and Newfoundland
Education Association.

MR. REID: I think that letter gives us an idea of what is involved. I am not making disparaging remarks concerning the letter, but I do suggest that the steering committee handle these letters and bring a synopsis of them for the main committee. If we start hearing these letters in this committee we will be listening to letters for hours and hours. I move that correspondence be referred to the steering committee.

Agreed.

MR. KNOWLES: Mr. Chairman, I have a motion I should like to move and I have written it out. I move that a subcommittee be appointed to inquire into the activities of the Commodity Prices Stabilization Corporation, and that the steering committee be asked to recommend the number and personnel of said subcommittee to this committee at its next meeting.

I should like, Mr. Chairman, while moving this motion to make a brief statement with reference to one phase of the work of this corporation to which attention has been drawn by the tabling of certain documents with reference to the resignation of Mr. C. C. Cordoza who was formerly investigator in the employ of the corporation. I should like to make it very clear, Mr. Chairman, that I am not interested either in the fortune of Mr. Cordoza or in the fortune of his employer in the corporation. My interest—and I think I will be joined in this by many others—is to try to find out just what the situation is. Now, some facts have been made public and others are easily ascertainable. The brief statement is: this man was employed for three years as an investigator in the corporation, and as a result of his investigations—I confine it to one subject—in the shoe industry certain firms made refunds of subsidies back to the corporation. If I name the firms I am doing so to be fair and not to say anything in their favour or as a matter of publicity—they are the Federal Shoe Manufacturing Company and Gagnon, Lachapelle & Company.

MR. HOMUTH: Where is the Federal Shoe Company from?

MR. KNOWLES: I will look it up. Gagnon-Lachapelle are from Montreal. The Federal Shoe Manufacturing Company had to return some \$6,000 and Gagnon-Lachapelle returned about \$38,000. Immediately after that situation developed, Mr. Cordoza was told by his superiors, as is evidenced in the documents that have been tabled, that he was creating confusion and that he was not to continue any of those investigations into the shoe industry. Now, I am trying not only to make this statement dispassionately but I am trying to make it clear that I am not treading on anybody's toes. I want the facts. Put it this way:

either Mr. Cordoza was right in the kind of investigation he was doing and he should have been permitted to continue, or he was wrong; and if he was wrong a gross injustice has been done to the two shoe firms that I have named, in that they have had this investigation made which resulted in their returning their subsidies, and that policy has not been continued in other firms. In fact, these firms feel that they have been treated unjustly. They say they were satisfied with the investigation that was made. Mr. Lachapelle said in a letter that I have that they returned the \$38,000 voluntarily and gladly but they felt that some kind of investigation would be continued in other shoe firms. Now, when they found that that was not done they felt that they had been the goat. I do not know who is right. It looks like a mess to me. I am not laying any charges against a shoe firm or the corporation; however it does seem to me that there is an inconsistency there and somehow or other we ought to bring the whole thing out. When it is brought out Mr. Cordoza may be proven to be a hero who is defending the taxpayer or he may be proven to be a false witness or a culprit; I do not know. However, there is enough evidence already published that it does seem to me that the matter should be gone into, and I think that the method to be adopted is to set up a small subcommittee to look into this matter. There are other matters that will come before this committee such as War Assets, which, in my opinion, is a very important matter, and, perhaps, we should have a subcommittee to examine into that matter. Perhaps the entire committee should be a committee on War Assets, but this particular matter I regard not as important as War Assets and I think a small subcommittee would be able to do the job.

The CHAIRMAN: May I have your motion?

Mr. KNOWLES: I was asked about the amount of the subsidy of the Gagnon, Lachapelle & Company; it is \$38,000. That was returned on October 10 by letter to the corporation and it was twelve days later before receipt of that was acknowledged.

Mr. REID: The argument stated by my friend is two-sided; it suggests that the firms mentioned should be investigated and also that there should be a subcommittee. They are two different matters.

Mr. KNOWLES: When you refer to the "firms", you mean the Commodity Prices Stabilization Corporataion. I am not asking for an investigation of any firms.

The CHAIRMAN: I certainly do not desire to take time talking over motions, but I do wish from time to time to make comment from the chair in regard to the matters which are placed before me.

(Clerk reads):

"Moved by Mr. Knowles, seconded by Mr. Stewart, that a subcommittee be appointed to inquire into the activities of the Commodity Prices Stabilization Corporation, and that the steering committee be asked to recommend the number of personnel of such subcommittee at its next sitting."

The CHAIRMAN: Now, before Mr. Reid or any other member takes part in the discussion I wish to say that I have very strong feelings with regard to the work of this committee and particularly a committee of this size. I feel that each and every member is interested in every phase of its activities, and personally I would prefer to see all matters handled by the committee as a whole instead of by two or three subcommittees. I have another thought in mind in suggesting that all matters be handled by the full committee. Representation is being mentioned. The C.C.F. have two members on this committee—

Mr. KNOWLES: Three, there is Mr. Probe.

The CHAIRMAN: They could, of course, divide themselves into three parts, but I find it difficult to place Mr. Shaw of the Social Credit party on three committees or even on two committees, and I believe there are other members who hold the same views as I do. I as chairman want to know what is going on in this committee, and I am going to suggest to Mr. Knowles that he might—

Mr. KNOWLES: I can anticipate the suggestion you are making, and I quite agree with it, I withdraw the motion and move in its place a simple motion that steps be taken to investigate the activities of the corporation.

Mr. CLEAVER: I should like to make a few remarks. The task of the steering committee is to lay out the work of the committee and bring it before the committee in orderly fashion. In the light of what has been said, as one member of the steering committee. I want at once to show Mr. Knowles that I will support him in the steering committee in regard to the inquiry into the operation of Commodity Prices Stabilization Corporation. Now, what has happened this morning: Mr. Knowles gave what he considered to be a very restrained resume of certain facts that have been called to his attention, but, Mr. Chairman, no matter how restrained Mr. Knowles was the facts that he called to the attention of this committee and which I suggest will go across Canada in the press—

Mr. KNOWLES: They are already out.

Mr. CLEAVER: There was an inference thrown out this morning; if true, it is a very serious matter. Now, as I understood Mr. Knowles he stated that two shoe firms—and he named them—had been investigated and that as a result of those investigations \$6,000 of subsidy had been refunded by one firm and \$38,000 of subsidy had been refunded by the other firm. Now, I do not know whether that is true or not. I do know this, Mr. Chairman, that most of those contracts are set up and most of these subsidies are granted on certain conditions: they are returnable. I know in connection with one type of industry, if the industry gets into the excess profits tax group automatically the subsidy is returnable. I do not know whether that applies to these shoe firms or not; I do not know whether those subsidies were returnable voluntarily or whether they were returned as the result of the investigation. But that is not the serious part of the statement made by Mr. Knowles; the serious part of his statement is this: that after investigations were made of these two firms and as the result recovery was made to the tune of \$44,000, then the investigator was pulled off by the Stabilization Corporation. Now, that is a monstrous thing to go across this country without any of us knowing whether it is true or false. If it is true, why, of course, the whole Stabilization Corporation is open to the strongest censure. I want to say this—I know nothing of the facts—but I do know the president of the Commodity Prices Stabilization Corporation. He is one of our ablest and most industrious and most trusted civil servants, an employee of the Department of Finance for many many years, and personally, on that gentleman's reputation alone, I do not believe a word of this story that this investigator was pulled off because he made recoveries from these two firms.

And there, Mr. Chairman, is where I want to make my point. I do not think this committee should be used as a sounding board for irresponsible and unsupported charges of that nature or of any other nature. This committee, Mr. Chairman, I suggest should be a committee working in a businesslike way, hearing and weighing evidence. True, when the time comes that we reach the report stage we should have free and open discussion. I do want to urge with all the power at my command that no industry in this country should be blackened in advance before we know whether a charge is true or false. No hard-working civil servant—and we have many of them who are doing two or three day's work in one, and did all through the war—should be blackened by publicity or cast out by members using this committee as a sounding

board. The whole thing is all wrong, and as far as I am concerned, Mr. Chairman, if we are going to carry on the work of the committee in this fashion, and if a member, even with the very best of intentions, is to be permitted to make statements such as Mr. Knowles has made to-day, you can count me out of this committee.

MR. REID: I wish to keep to the motion before the chair, but I say the motion should be divided into two parts—

MR. KNOWLES: I withdrew the reference to the subcommittee.

MR. HOMUTH: Mr. Chairman, with regard to this question Mr. Knowles has raised and which was given considerable publicity some two weeks ago I agree to some extent with Mr. Cleaver. We should measure our words in this committee in regard to mentioning names and so on of firms or individuals. I think we could have gotten away from that by simply asking that the correspondence between Mr. Cordoza and the department—because Cordoza's name did appear in the press—and the Wartime Prices and Trade Board be produced; and that the steering committee handling the matter make whatever recommendations they wish to this committee. I have a motion on the Order Paper in the House calling for the production of that correspondence. If we are going to investigate this matter, naturally that correspondence would have to be produced, otherwise we could not investigate the matter as thoroughly as it should be investigated. But I do think that we should be a little careful of what we say here. We will deal with the matter in a general way and refer it to the steering committee, because that is why we have set this steering committee up. I do feel, however, that in view of the fact that these things have been said, these charges have been made through the press as a result of an interview with this man, a former investigator, that this matter should be brought before this committee. I, too, hesitate to agree to cutting up this committee, because you cannot get the proper representation on a small committee. However, there are going to be so many matters that we shall have to look into that we shall have to consider something in this nature. For instance, we are now in a position to deal with investigations as to the price of boats; what do various boats cost? We could not find that out before because many of the boats were built and they did not know the costs. Then there is the matter of airplanes and War Assets. It is a question whether this committee is going to have time to go into all these matters, but that is something that I think the steering committee should decide itself. But as regards the recommendation which Mr. Knowles has asked to be sent to the steering committee, I should like to see coupled with that the recommendation that this correspondence be produced, and as far as I am concerned I am going to withhold my motion in the House until we get a report from the steering committee on this matter.

MR. GOLDING: Mr. Chairman, I agree pretty well with the views expressed by Mr. Cleaver and Mr. Homuth as regards bringing matters to the attention of this committee. I believe that all it is necessary for a member to do—and he will not involve anybody or himself—is simply to request that a certain matter be investigated. You are not saying anything against anybody if you have the evidence. I think that is the fair way to do it from the standpoint of everybody—witnesses, members of parliament and the various departments. It is an easy matter for any member of the committee to come here and suggest that certain matters be investigated, and I agree with Mr. Knowles that this matter should be investigated.

Now we come to the point raised by my good friend Mr. Homuth. He asks for the production of certain papers. As I said the other day, if you look up the records and the journals of the House you will find that every government has had certain motions calling for the production of certain papers and has taken the position that certain papers are private and confidential, and they

are not laid on the table of the House. Every government has taken that position, and we can understand that in interdepartmental matters and so forth. On the other hand, in an inquiry of this kind you simply bring these officials here and you question them as to their attitude. We bring Mr. Cordoza here and let him give his evidence, and I think that is a fair way to do it. I hope that will be done in this case. It is sometimes very unfair even to indicate that something has happened. I recall very well an inquiry that we had in the Public Accounts Committee when Mr. Green was examining Mr. Thompson and in questioning this witness he suggested that some of the rugs that were bought might cost as high as \$400. Now, he did not say that they cost that, nor did Mr. Thompson say that. In fact, he said they did not. But the fact of the matter was that the *Ottawa Journal* that afternoon had a report that rugs costing as high as \$400 were bought. That was corrected the next morning, but that story had gone all over the country, and the farther it got away the more it became, and it was not \$400 but it was as much as \$1,500 for these rugs. That is the danger of even suggesting that so and so was done. We may do a serious injury or wrong to people by even suggesting this thing or that thing. However, I do agree with Mr. Knowles that this matter should be inquired into. We will bring these witnesses here to give evidence, and then when we draft our report we will be governed by the evidence which has been given to us. I think that is the fair thing to do in all these cases. I think there are many things that should be inquired into, and if we are careful we will not do injustice to anybody.

MR. LALONDE: Mr. Chairman, it seems to me that during this inquiry we will have to make charges against some person or some institution, charges that come from inside or outside of this committee, but I entirely agree with Mr. Homuth's suggestion that we should be most careful in bringing out the names of individuals or firms. Now, owing to the fact that our duties are of large magnitude I believe that all these charges or motions should be sent to the steering committee first. That committee would carefully investigate to see if there is anything serious involved and then our steering committee will report to the whole committee if it thinks that something of national importance has been brought before it. I am not committed in any way in this Cordoza case, but it seems to me that it should be investigated. I am not ready to say that it is of so much importance that this whole committee should study it right now. I will suggest, however that all the motions of this kind, whether originating inside or outside this committee, should be brought to the attention of the steering committee which will make a preliminary inquiry and report to the committee of the whole. I therefore move that Mr. Knowles' motion be referred to the steering committee and later on, if it is found that there is something serious in it, I shall be glad to take part in the inquiry. Otherwise, I believe we will be faced with numerous and serious charges from outside, and we shall not have time enough to investigate fully all the charges that will come before the committee. I suggest that the procedure to be followed by this committee should be to send these motions to the steering committee first.

MR. SMITH: I wish to associate myself with the remarks made by Mr. Cleaver—that is his general position—not his criticism of Mr. Knowles. I am anxious to disassociate myself from one of the statements, if I understood it correctly: you cannot make an omelet without breaking some eggs, there is no doubt about that. Our whole procedure in this world, in courts, commissions, newspapers, etc., is that somebody is hurt who should not be hurt, but that is our system. We have to find the truth. That is what we are seeking to do. I am of the view that when someone suggests an investigation we should be very careful—and I agree with Mr. Cleaver and Mr. Homuth in this, and I am sure Mr. Knowles will agree with me—to injure as few people as possible. We are going to injure some, we cannot help that. I know that

most of these charges end up as squibs, history and experience teach us that. Certain things are charged against certain people. The laws of libel are not sharp enough, and people can say things. We all know that when we are running for election charges are sometimes made against us in which there is no truth, yet we are here. The net result, truth did prevail and we are here. It comes to this, that when we are investigating something there should be no limit to cross-examination, and we can get somewhere if we agree with that. If someone is injured in that process it is just too bad. We are doing our best, and we cannot permit the feelings of A, B, C and D to interfere with this committee finding the truth in these matters. That is all I have to say.

Mr. CLEAVER: When I spoke a while ago I knew that I had made an attack on Mr. Knowles' statement, but I want to say at once that if anything I said to Mr. Knowles he has taken in a personal way I at once retract it.

Mr. MACDONNELL: I find myself in almost complete agreement with what Mr. Cleaver has said with respect to the distinguished civil servant referred to, but I am still troubled lest I agree with what Mr. Smith said. I am wondering if Mr. Lalonde has not given us a lead by which we can avoid some of the difficulties involved, because the very fact that we are going to investigate a person or body at once raises criticisms in people's minds, and if I understood Mr. Lalonde correctly, he wants to avoid that. I want to put it up to you gentlemen who know procedure better than I do as to whether there is not somebody who is able to do this. I do not know how to do it.

Mr. CLEAVER: Leave it to the steering committee.

Mr. MACDONNELL: I do feel very strongly about this matter. Our press friends are here to give publicity to anything that is of interest, and it is a thing of interest if somebody is to be investigated. I wish to disassociate myself entirely from what Mr. Smith has said about truth having prevailed everywhere.

Mr. KNOWLES: I wish to take this opportunity to associate myself with those who have said that in this committee we should weigh our words. But I do not agree with those who take the position that every time a member of parliament feels there is something that is to be investigated that he should be associated with a charge. Nevertheless I do feel that we should be careful about making charges. Now, having said that, and bearing in mind that everything I said when I was on my feet is on the record, I wish to say to the committee that when I spoke before there was one exception I will indicate in a moment. I did not give any new material. I simply called attention to information and charges, or what have you, that have already been laid on the table of the House and have been given wide publicity. The only new information that I gave when I was on my feet before was given in what I felt was in fairness to the shoe firms—they have been named—the fact that \$44,000 subsidy has been refunded has already been tabled in the House. I thought it was only fair to them that the statement should be made before this matter goes any further—that they made those refunds voluntarily. They would like to appear before this committee because they feel that they have a case.

Apart from that, everything else I said as to date and investigations and as to what happened has been given publicity, made in the form of charges by Cordoza himself or information tabled in the House. In fact when I first learned of this matter of the tabling of the letter of resignation the documents that were brought down contained far more material than I thought. They contained letters that I did not know were in existence, and once those letters were tabled the press naturally made a good deal of them. Please understand, Mr. Chairman, with the exception of one item which was given to be fair to those shoe firms, I have not myself given any new information to-day, and I have made no charges. I have simply suggested to this committee that since this information is out and since there is considerable interest in the matter it is something that should be

looked into to get at the truth of the situation. I say again that Cordoza may be a hero or a culprit, the corporation may be right or wrong, I do not know, I am not charging anything. I shall not be here to find out. But I do feel that the matter should be investigated. I will support the proposal that the whole question be referred to the steering committee.

Mr. GOLDING: I want to say that if Mr. Smith finds himself in disagreement with me, I find myself in agreement with him on the suggestion that the witnesses be called and that an inquiry be made. That is quite correct. But I do want to associate myself with Mr. Macdonnell and with Mr. Lalonde that the way to do this is either to ask for an inquiry into such things or to send this matter on to the steering committee without involving any names or anything else. That is all I have in mind.

Mr. COTE: I am in full agreement with the motion of Mr. Lalonde. I do not know whether this motion is worded in such a way that it lays down the general principle of procedure in this committee for the future. I would like to be satisfied that any new matter, any request for an investigation should at least be referred to the steering committee without any discussion being permitted at all in this committee of the whole—just the bare statement or request for an investigation—and that we should proceed along those lines in any new matter. Our work should come directly from the steering committee.

Mr. HOMUTH: Every group has a representative on the steering committee. If I have something which I think should be investigated I can go to our representative on the committee and suggest that that matter be brought before the steering committee. There is no use in wasting the time of this committee by further debating the matter.

Mr. JACKMAN: May I say that while one would like to be sympathetic with the statement of Mr. Macdonnell that we do not involve innocent names in any charges or suggested investigations, nevertheless the whole field of government expenditures is so broad that we cannot hope to survey it—the whole field of the disposal of war assets—and it seems to me that to a large extent our work must start with some belief based on reasonable evidence that there is something wrong somewhere, and by pursuing that we thereby get an insight into how the whole machinery of war expenditures and war assets or disposal is carried on. I feel that where there is a charge which is at least *prima facie* we should investigate it if we have the time and facilities to investigate all the charges that may be made.

The second point may be contrary to the motion or it may be incorporated in it; that is as to whether we should have subcommittees. When I think of the work which this committee is called upon to do it is quite impossible to touch the amount of work if we are going to sit in committee of the whole every time an investigation of any subject is carried on. May I mention some of the things that were investigated in the latter two years by the War Expenditures Committee: the aluminum inquiry, which was an exhaustive one and which entailed sitting even when the House was not in session; the shipping and airplane expenditures committee; the agricultural implements committee, having to do with priorities; the boot and shoe committee, and the rubber allotment committee, having to do with the Polymer Company and the whole system of the allocation of what rubber there was. That is just a survey of part of the work which the committee carried on before. I do not see how we can begin to touch on the subjects which will come up inevitably before this committee if we are not going to subdivide into at least two or three subcommittees. I can think at the present time of some of the matters that have been raised. There is Mr. Knowles' matter to begin with and the educational facilities having to do with war assets. There is the broader and more general question of the disposal of all equipment surpluses to military requirements. There are the war expenditures in general. We

may wish to investigate certain contracts which were made. I can think of at least one at the moment. As subsidiary to that there is one Mr. Homuth brought up, namely, the disposition of government-owned ships, including those building, to the Royal Canadian Navy. I do not see how we can possibly carry on our work unless we have subcommittees.

Mr. SHAW: Realizing as I do the vast amount of work that this committee will have to face, I hesitate to oppose subcommittees; nevertheless, I am going to. We have one representative on this whole committee. You may have three subcommittees and still the C.C.F., for example, would have a representative on each committee. Now, we are vitally concerned about all matters which this committee may consider. I cannot be on all subcommittees, even if they sat at different times—I would soon become exhausted. Therefore I oppose subdivisions. I think that when our steering committee has decided on these things they should be dealt with immediately, placing them in order of importance and then approaching them in that way. If this committee is going to be subdivided I shall have to register violent protest or, on the other hand, fight for additional representation for our group on this committee.

Mr. REID: I rise to a point of order. Previously when I spoke on the motion it was drawn to my attention by Mr. Knowles that he had withdrawn that part of his motion which dealt with subcommittees. At that time I wanted to speak on the matter of subdivision. Therefore I sat down. Now, two speakers have dealt with the matter of subdividing the committee. Will you please tell us what we are deliberating? Are we deliberating the motion on subcommittees? If so, I want to speak against it.

The CHAIRMAN: You are quite right. Perhaps the chair is at fault. I recall hearing Mr. Knowles say that he had withdrawn that part of his motion.

Mr. LALONDE: I move:

That the matter of inquiring into the activities of the Commodity Prices Stabilization Corporation, and all requests for inquiry into other specific matters, be first referred to the steering committee for study and report to the committee.

Mr. CLEAVER: My attention has been called to the fact that I omitted to mention the name of the president of the board; his name is Hector MacKinnon.

Mr. HOMUTH: With regard to the motion, we might deal specifically with Mr. Knowles' motion at the next meeting of the committee, but today we could bring in a motion stating that matters to be investigated by this committee are to be referred directly to the steering committee.

Mr. CLEAVER: I will second that motion, and I suggest that Mr. Lalonde withdraw his motion.

Mr. COTE: Let me complete this motion by adding the words "and any other request for an investigation".

Mr. CLEAVER: Why not start right in the first place?

Mr. KNOWLES: I do not wish the committee to misunderstand me. I did not say that I withdrew the entire motion; I withdrew all except the part that asks for an investigation.

The CHAIRMAN: This is part of your motion, is it?

Mr. KNOWLES: Yes, it is.

Mr. LALONDE: I have no objection to modifying my motion to include in it all the matters that will come up or shall come up before the committee. I want to simplify as much as possible the work of this committee and to make a thorough investigation of everything that is submitted.

Mr. HOMUTH: Suppose you added to that, Mr. Chairman, that henceforth all matters to be investigated be referred directly to the steering committee?

Mr. BRADETTE: As a member of the steering committee I want to be sure in my own mind of what matters would be considered for discussion. I believe you are giving us too much leeway. I am afraid of the responsibility that is placed upon me.

Mr. CLEAVER: All you do is recommend to the main committee.

Mr. BRADETTE: If we are just to recommend to the main committee I am willing to accept the responsibility.

Mr. HOMUTH: What is the motion?

The CHAIRMAN: "That the matter of inquiring into the activities of the Commodity Prices Stabilization Corporation, and all requests for inquiry into other specific matters be first referred to the steering committee for study and report to the committee."

Mr. REID: If this motion is adopted it means that the Commodity Prices Stabilization Corporation will be the first to be investigated. Some of us have other ideas.

The CHAIRMAN: If the steering committee so stated it would naturally be the first item. As I interpret this motion, it will be that all matters be referred to the steering committee and they, in turn, will place those matters before the committee.

Mr. COTE: Would it be more satisfactory to add: all other matters not directly related to the order of the day of the meeting?

Mr. KNOWLES: That does not preclude the right of the steering committee to initiate?

The CHAIRMAN: No.

Mr. KNOWLES: As a member one can bring up any subject.

Mr. JACKMAN: I move that the steering committee be empowered to allocate the subjects to subcommittees of their nomination.

Mr. MARQUIS: The subcommittees should be chosen by the general committee. I think that motion should wait. We might start to discuss some matters and later on, if there is other work, that may be brought before the whole committee.

Mr. JACKMAN: If we decide on the matter of the nomination by the steering committee

Mr. MARQUIS: Why?

Mr. JACKMAN: I suggest this. I would not attempt to try to override the powers of the general committee. If we leave it to the steering committee which is chosen from all the parties, I think we are more likely to get a better balance on the subcommittees than if we leave it helter skelter to the general committee.

The CHAIRMAN: The appointment of subcommittees by the steering committee or any other body is not a question before us at the present time. We are more or less agreed that there would be no subcommittees.

Mr. JACKMAN: I am moving that we have subcommittees as per my motion.

Mr. MCGREGOR: I have much pleasure in seconding that motion. I can just imagine how far this committee is going to get with investigations if they are supposed to come before this committee, to be heard by one committee, especially a committee of this kind. We will never even get started. Probably it is not the intention to get started. That is all right, but we would never even get started.

Mr. McILRAITH: That is coming from the party who delayed the committee's set-up three weeks ago.

Mr. MCGREGOR: Who did it?

Mr. McILRAITH: Your party did.

Mr. MCGREGOR: If my party did it it is something I do not know anything about.

Mr. McILRAITH: I am aware of that.

Mr. MCGREGOR: The committee is now set up and the question is are we going to get any place or not. That is the question before this committee, and certainly we cannot get any place before this committee unless we have subcommittees. The experience we had last year surely indicated that. Why I intend to bring up this question of investigation into the building of steel boats. I venture to say it will take a committee probably two or three months alone to handle that matter. There are some other questions I intend to bring up. They certainly cannot be investigated by one committee. I second the motion for the setting up of at least three subcommittees.

Mr. MARQUIS: May we not wait for the setting up of these subcommittees? For the moment the proposition is to have some subcommittees, but there is nothing to give to those subcommittees at the moment. If we wait until a particular matter is brought before the general committee at that time we may appoint a subcommittee to study that particular matter.

Mr. CORE: I am speaking along the same lines as Mr. Marquis. We do not know what will be the burden of the work of investigation that this committee is going to have to shoulder. I move in amendment that this matter of the formation of a subcommittee be left in abeyance for the time being.

Mr. LALONDE: I am not against the idea of setting up subcommittees, but I quite agree with Mr. McGregor that it is impossible for a committee of this size to investigate certain particular matters. We will be obliged in some way to delegate some portion of our members to investigate one thing or another; but it is not the time to set up subcommittees. Let us wait until the need arises.

The CHAIRMAN: The amendment is really a negative.

Mr. HOMUTH: Instead of voting on the motion of Mr. Jackman, who made the original motion, our representatives on the steering committee will come forward at the first meeting of the steering committee with certain suggestions of investigating boats and other things, and then I think we can leave the matter until the steering committee reports back as to the question of setting up subcommittees.

Mr. JACKMAN: I have no objection in view of the apparent division of opinion here, but in view of what I have myself said, reinforced by what my colleague Mr. McGregor, who has had some experience with the War Expenditures Committee in the last parliament, I am quite willing to let the matter rest for a meeting or two, because I feel that the views to which I have given expression will be amply reinforced at that time, and I think that the committee will see that we will do it. I am willing to withdraw the motion.

Mr. MACDONNELL: At the next meeting would it be in order for me to suggest that we might say something about the method which we propose to follow in regard to what is a very important part of our duties, coming to an understanding of the position with regard to the war assets. I would like if possible at the next meeting to have you outline your course of procedure, because I feel that one ought to get the general position before one could intelligently even begin to form a judgment.

The CHAIRMAN: Thank you. I was going to place before the steering committee at the first meeting the Commodity Prices Stabilization Corporation,

the Wartime Prices and Trade Board, the War Assets Corporation, and ask for advice as to which we should proceed with first, and follow along in the way in which the committee might deem the best way.

Mr. HOMUTH: But the individual members of the steering committee may have some suggestions.

The CHAIRMAN: Yes, I said that. I will be guided by their direction. When we take up the work of any particular board or corporation we should follow through and complete that work before we go to the next matter, and then I think we will overcome the difficulty raised by Mr. McGregor that we cannot get anywhere. We have all had the experience of seeing our offices piled up with letters and we wonder how we are ever going to get rid of them, but when we take them first one and then another we find that the pile disappears quickly.

Mr. McILRAITH: I direct your attention to one matter. In referring to the business you propose to bring before the steering committee you use the term War Assets Corporation. There is a larger question dealing with the whole disposal of surplus Crown assets which, I presume, is the largest question.

The CHAIRMAN: We will take care of that in the steering committee.

Mr. LALONDE: Would it be possible to send notices of our meetings three or four days in advance? One or two days is not sufficient.

The CHAIRMAN: We will take that up in the steering committee.

The committee adjourned to the call of the chair.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

NOVEMBER, 20, 1945.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, it has now reached the hour of 11 o'clock.

I have invited the Honourable C. D. Howe, Minister of Reconstruction, to be here; but in the meantime we will proceed with our business. I am going to call on the clerk to read the report from the steering committee. You will recall that we appointed a steering committee consisting of nine members, representative of all groups; and we met, and I will now ask the clerk to read the report.

(Report of steering committee read by clerk).

The CHAIRMAN: And now, gentlemen, you have heard the reading of the first report of the steering committee. Unless there is objection we will proceed and take it for granted that it is approved.

Mr. HOMUTH: Mr. Chairman, may I ask, was the question of breaking this committee up into smaller committees brought up at the steering committee?

The CHAIRMAN: Yes, Mr. Homuth; it was considered and it was felt advisable for the time being to carry on as suggested at our last general meeting. The steering committee favoured that course of action for the time being. If there are no other objections I will take it for granted that the report is approved.

Mr. GOLDING: I will move that the report be adopted as read.

Mr. MICHAUD: I will second that motion.

The motion was agreed to.

The CHAIRMAN: Now, gentlemen, while we are waiting for the minister, so as to have something before the steering committee at next meeting, are there any motions that you have, or matters that you wish considered by the steering committee?

Mr. MACDONNELL: It appears to me that we can possibly leave that matter till a little later. It may be that things we shall hear this morning might give us some thoughts we might like to put forward. Could we not think of that at the end of the meeting?

The CHAIRMAN: That is agreeable to the committee.

Mr. LALONDE: May I ask permission to bring up this point? Usually in the committees with which I have been associated during the last ten years we get our Hansard within one or two days of the sitting. So far in the committee we have yet to receive our first report. If it is at all possible I would suggest that some pressure be brought on the authorities concerned so that the Hansard of our proceedings could be available say two days after a sitting.

Mr. MICHAUD: You are referring to the report of our meeting held last week?

Mr. LALONDE: Yes.

The CHAIRMAN: I think perhaps I should say that in view of the exceptionally large amount of printing that is being done at the present time it will not be possible for the reports to be made available as quickly as has been possible in the past. We will, however, have that matter taken up and arrange to have the reports made available to the committee as quickly as possible.

Mr. LALONDE: Thank you very much.

The CHAIRMAN: And possibly I should say that reports number one and two will be included in the one volume.

Hon. Mr. HOWE: Good morning, Mr. Chairman and gentlemen.

The CHAIRMAN: And now, Mr. Howe, I might mention for your benefit that the steering committee which was appointed, consisting of nine members of the main committee, met and decided on a certain form to follow, and they requested me to get in touch with you as the first witness and have you appear before the committee as Minister of Reconstruction, dealing particularly with the set up of two branches, namely Crown Assets Allocation Committee and the War Assets Corporation. With the approval of the committee and without further word I call on you to address the committee, to make a statement, or to carry on as you see fit.

Hon. Mr. HOWE: Well, Mr. Chairman, the officers of my department have prepared a statement and I suggest that this statement required some rather careful research and that the officers concerned be permitted to give it to you.

I might say that the War Assets Allocation Committee arises out of an Act of Parliament—an Act Respecting surplus Crown Assets—which was assented to on June 30, 1944. The purpose of that Act was to appoint a committee that would first determine whether materials declared surplus by one department of government were really surplus to the requirements of the government. The idea was to have represented on the committee senior officers of all the interested departments capable of determining who might be interested in the material, and to that group was added a representative of agriculture and of the housewife and of labour. The committee is responsible for clearing articles as surplus to government requirement, and was charged with the duty of establishing priorities for certain users of the equipment. For example, in respect of certain types of equipment priorities were given to federal government departments first; then second, to provincial departments; third, to municipalities; and, fourth, to the general public. With respect to certain other articles first priority would be given to charitable organizations or relief organizations such as UNRRA. In general, the committee views the article under consideration and decides the priorities.

In the early days this committee functioned very well not many articles were being declared surplus. This was in the war period and priorities were important. Now that the war is finished the priorities are less important. The more important job is to dispose of the material rapidly enough to prevent great storage problems and to get the material into the hands of users as quickly as possible. I think we must not lose sight of the fact that the most important duty War Assets has is to sell the surplus; secondly, they must sell them well; but I think it is more important to sell them than it is to sell them well. It must be kept in mind that the corporation is dealing with materials for which no domestic use is readily apparent. The corporation must rack its brains to find new domestic uses for the material, and sometimes uses appear later which were not foreseen at the time of the sale, and many sales of material of that class viewed in retrospect may be subject to criticism. My fear is that the criticism may be pressed to a point where the corporation will stop selling, and that I think would be a calamity. It is a most difficult job to find the right kind of men for War Assets. Some of those that we have, have not had the best of health. It is a gruelling job. And knowing this committee in the past,

I know they will proceed with great consideration for the witnesses, but I ask for your special consideration in dealing with this most difficult problem of the disposal of war assets.

I am inclined to be critical sometimes, but recently I visited the United States and had a talk with their disposal staff down there, and I was surprised to find that they think our system marvellous, that we are doing a wonderful job at the present time through War Assets. That is rather comforting. I have also had some knowledge of the problem in the United Kingdom; and there again I think we look good by comparison.

These are only general remarks. As I say, I have not charged myself personally with the responsibility of giving you a brief on the Crown Assets Allocation Committee; but unless there are some questions you would like to ask may I suggest that one of our officers give you that brief.

Mr. COTE: In the list of priorities, Mr. Minister, which you gave with respect to materials declared surplus you made no mention of school boards. Have you any special priorities for them similar to charitable institutions and things of that kind?

Hon. Mr. HOWE: I would rather my officers would answer that question. I am not as familiar with the work of the Crown Assets Allocation Committee perhaps as I should be.

Mr. CLEAVER: Mr. Chairman, there is just one general question I should like to ask. If I understood the minister's remarks correctly, your main problem is twofold: one, you have this War Assets Allocation Committee, to make sure that assets which have been declared surplus by a given department are not such as could be used in another department?

Hon. Mr. HOWE: Yes.

Mr. CLEAVER: Then your other difficulty is the selling of these surplus assets. Now, to whom should we look to find out as to whether proper steps are taken in the different service departments to declare surplus assets which should be declared surplus? That is, I well recall a few weeks ago hearing that some of the South African equipment surplus from that war was recently sold. And now, it may be that the same trend may follow in our service departments this time, and they may be storing and keeping a lot of equipment that should not be stored and kept. To whom should we look for information in regard to that problem?

Hon. Mr. HOWE: That would be a matter for the department concerned.

Mr. CLEAVER: Each individual department?

Hon. Mr. HOWE: Each individual department. War Assets deals only with material that is declared to them by the service department.

Mr. SHAW: Mr. Chairman, the Honourable Mr. Howe mentioned groups represented on the War Assets Allocation Committee, including housewives, farmers, labour; may we have the personnel of the committee?

Mr. MICHAUD: That will be in the brief.

Mr. SHAW: If it is in the brief I am satisfied.

Hon. Mr. HOWE: Yes, chiefly the deputy ministers of the government departments or their representatives. The brief will contain that.

The CHAIRMAN: Are there any questions before I call the departmental officer?

Mr. MCGREGOR: I was going to ask the Honourable Mr. Howe if they ever took into consideration the possibility of selling these goods by auction?

Hon. Mr. HOWE: We do a certain amount, yes. It is impossible to handle a great volume of goods by auction. A good many of them must be sold for special purposes. Many auctions have been held, and if we collect a miscellaneous lot of goods in any section it is the custom, I think, to have an auction.

Mr. HOMUTH: I wonder whether you could answer this question: where you have sold goods by auction, and I understand there have been a number of auctions, are the prices subject to the control of the Wartime Prices and Trade Board?

Hon. Mr. HOWE: Yes, ceiling prices apply. That is one of the difficulties. People are willing to pay more but we are not able to sell for more than the price established locally by the Wartime Prices and Trade Board. That is one of the difficulties of auctioning.

If there are no more questions, Mr. Chairman, let the officers of the department proceed.

The CHAIRMAN: Thank you, Mr. Howe. I am now going to call on Mr. J. H. Berry, chairman of the Crown Assets Allocation Committee. Mr. Berry is also president of War Assets Corporation. I think I should mention that Mr. Berry has just recently returned to his office after having undergone a rather serious illness. Mr. Berry, will you come forward, please?

Mr. J. H. BERRY, Chairman, Crown Assets Allocation Committee, and President of the War Assets Corporation, called:

Mr. BLACK: Could Mr. Berry give us a copy of his brief?

The CHAIRMAN: I am informed that there is only one copy, Mr. Black; sorry to say. In future I will endeavour to see that copies are provided.

Mr. SHAW: I wonder if Mr. Berry would object to giving us more or less of an outline of his own background before he presents his brief; his own profession, experience, and so forth.

The CHAIRMAN: Mr. Berry, would you do that?

Mr. BERRY: I was going to ask your indulgence this morning, Mr. Chairman, in the presentation of the brief. I have just had a severe streptococcal infection in my throat. I particularly wanted to present the brief relative to the War Assets Corporation personally, and I will do that a little later on. I am going to ask your indulgence this morning to let Mr. DeRoche, who has been legal adviser for the Crown Assets Allocation Committee since its inception, present the brief on my behalf. I would like to have that permission, Mr. Chairman.

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Apparently that is agreeable to the committee. Will you care to answer the question as posed by Mr. Shaw as to your background?

Mr. BERRY: I would be very glad to do that. I do not know how far the committee would like me to go back, Mr. Chairman.

Mr. HOMUTH: Go back as far as you like, Mr. Berry.

Mr. BERRY: I think I can outline it very quickly, gentlemen. I was born in England and educated in England, and you will probably know from my accent as we go through the piece that I am a Yorkshireman. I served in the previous war, not the last war, in the Royal naval air service. Before entering the air service I had served my apprenticeship as an engineer in the Liverpool shipbuilding industry. I joined the Royal naval air service and served there during the war. Following that war I joined several automobile companies and finally gravitated into General Motors, London, England. From that time I spent seventeen years with General Motors in all parts of the world, finally being sent back to England to a company known as Vauxhall Motors, where I was the assistant general manager. I was sent by the company over to the United States to procure material for the war effort. I did not think I was doing enough for the war effort, and the Canadian government at that time picked me up at Detroit where I was and called me up here during the war period, and Mr. Howe

appointed me to various positions. I have been Vice-Chairman of the Production Board in the Department of Munitions and Supply; Motor Vehicle Controller; Director General of the Automotive and Tank Production Branch; and more recently, chairman of the Crown Assets Allocation Committee, and still more recently, president of War Assets Corporation. Primarily I would like to say, gentlemen, that I am an engineer. I think that properly describes my vocational activities.

The CHAIRMAN: Is that a sufficient background, Mr. Shaw?

Mr. SHAW: Yes.

The CHAIRMAN: Thank you, Mr. Berry.

I will call on Mr. W. E. P. DeRoche, assistant counsel, Department of Munitions and Supply.

Mr. W. E. P. DEROCHE, assistant counsel, Department of Munitions and Supply, called:

Mr. DEROCHE: Gentlemen, in preparing this brief on the Crown Assets Allocation Committee we have endeavoured to give you in some detail the background of surplus disposal and the authorities under which it was made, and accordingly we spread quite a way back.

During the summer and fall of 1943, the problems involved in establishing a procedure and machinery for the proper disposal of the surplus Crown property which would result from the termination of the war were discussed and considered by various government officials and committees. At that time the surplus property of all government departments except the Departments of Munitions and Supply and National Defence, was disposed of by the salvage officer attached to the Comptroller of the Treasury under the authority of P.C. 6989 of April 30, 1937 as amended by P.C. 17/8346 of September 15, 1942. The Department of Munitions and Supply disposed of its own surplus property under the authority of P.C. 45/9130 of December 22, 1941, as did the Department of National Defence under the authority of P.C. 4649 of June 25, 1941. It was appreciated that the surpluses resulting from the end of the war would be so much greater than those dealt with by the existing organizations that an entirely new problem would arise.

The possibility of establishing a disposal agency to deal with war surpluses only was discussed but the difficulty of defining "war surplus" was considered to be so great that it was felt advisable to establish a new machinery to deal with all surplus Crown property.

Following the above discussions and after consideration of the recommendations made by the officers and committees concerned the Governor General in Council passed order in council P.C. 9108 on November 29, 1943.

The order in council defined "surplus crown assets" as assets which are "surplus to the current or probable future requirements of the war program of Canada or the needs of the government of Canada or any agency thereof". It placed a duty on each government department and agency to survey the property under its administration and to report to the Allocation Committee the assets which were or were likely to become surplus to the needs of such department or agency.

The order established an inter-departmental committee under the name of Crown Assets Allocation Committee to be composed of a Chairman, members designated respectively by the Secretary of State for External Affairs, the Minister of Munitions and Supply, the Minister of National Defence, the Minister of Public Works and two members designated by the Minister of Finance, one to represent the Administrative Service of the department and the other to represent the Wartime Prices and Trade Board. The President of War

Assets Corporation Limited was to be a member of the committee and three further members were to be appointed by the Governor in Council, one to represent labour, another to represent agriculture and a third to represent the householders of Canada. Subsequent orders in council added to the committee members to be designated respectively by the Minister of Trade and Commerce and the Minister of Pensions and National Health.

The order also provided for the incorporation of a Crown company under the name of War Assets Corporation Limited and provided that the Governor in Council might consign or transfer to the company Crown assets which have been declared to be surplus to the needs of the government of Canada or any agency thereof. The company was given power, subject to the general or specific instructions of the Minister of Munitions and Supply, to deal with and dispose of all surplus Crown assets consigned or transferred to it.

The duties of the committee were set out in section 6 of the order as follows:

It shall be the duty of the Allocation Committee:

- (a) To survey and make investigations with respect to lands, buildings, structures, plant, machinery, equipment, munitions of war and supplies, scrap, materials, articles and things, and interests therein or parts thereof, reported by government departments or agencies as being from time to time on hand or which are likely to become available, and to report from time to time to the minister regarding the types and quantities of such assets which are or are likely to become surplus Crown assets;
- (b) to consider representations made by any government department or agency with respect to surplus Crown assets or the disposal or use thereof; to authorize the transfer of assets from one department or agency to another, under such terms and conditions as the committee may decide; and to report to the minister with respect to the foregoing;
- (c) to formulate and recommend through the minister to the Governor in Council general policies or plans for the use or disposal of or dealing with surplus Crown assets, and, without limiting the generality of the foregoing, to submit for consideration proposals with respect to surplus Crown assets.
 - (i) Which might serve administrative needs or provincial governments, municipalities, and other like bodies;
 - (ii) Which might be distributed in distressed areas;
 - (iii) Which, for reasons of public policy, should not be offered for sale in Canada, or should be converted back to basic materials, or should be withheld from the market for the time being, or should severally be the subject of direct action by the Governor in Council;
 - (iv) Which should be consigned or transferred to, or placed under the control of the company hereinafter mentioned;
 - (v) In which the Crown has only a limited interest;
 - (vi) Which consist of industrial plants, or parts thereof, which are complete operating units; and
- (d) to exercise and perform such other duties and make such investigations and reports as the Governor in Council or the minister may from time to time direct.

By order in council 9529 of December 14, 1943, Mr. J. P. Pettigrew, Assistant Deputy Minister of Munitions and Supply, was appointed chairman of the

committee and by order in council 9640, of December 17, 1943, the following persons became members of the committee:

W. D. Matthews, Chief Administrative Officer, Department of External Affairs.

J. H. Berry, Director General Automotive & Tank Production Branch, and Vice-chairman of Production Board, Department of Munitions and Supply.

Lieut.-Colonel Henri DesRosiers, Deputy Minister of National Defence.

G. B. MacIntyre, Comptroller of the Treasury.

Donald Gordon, Chairman of the Wartime Prices and Trade Board.

E. P. Murphy, Deputy Minister of Public Works.

P. R. Bengough, President of Trades and Labour Congress of Canada (representing labour).

Louis P. Roy, Deputy Minister of Agriculture in the province of Quebec, (representing agriculture).

Mrs. Charles H. Thorburn of Ottawa, (representing the householders of Canada).

By subsequent orders in council Mr. Findlay Sim, Secretary of the Department of Trade and Commerce, and Mr. Walter S. Woods, Assistant Deputy Minister of Department of Pensions and National Health were made members of the committee.

The first meeting of the committee was held on January 5, 1944, and meetings were held at regular intervals thereafter. In March of 1944, Mr. J. P. Pettigrew, first chairman of the committee, resigned and by order in council P.C. 1872, Mr. J. H. Berry was appointed chairman of the committee.

The Surplus Crown Assets Act, being Chapter 21 of the Statutes of Canada for 1944, was brought into force on July 11, 1944, by order in council P.C. 5242. The Act provides for a new committee and the Crown Assets Allocation Committee established by P.C. 9108, was dissolved by order in council P.C. 5297 of July 12, 1944.

The Surplus Crown Assets Act provides—I have changed the order of the sections in order to give a better summary of the Act—

(I) that every government department shall report to the minister all property under its administration that is unnecessary to satisfy its immediate or known future requirements;

(II) that a corporation to be known as War Assets Corporation be established and the old company War Assets Corporation Limited be dissolved;

(III) that the minister, with the approval of the Governor in Council, may establish a committee to be known as the Crown Assets Allocation Committee;

(IV) that the Committee shall advise the minister on matters relating to the use, disposal of or dealing with surplus Crown assets or otherwise arising out of the Act, which are referred to it by the minister and in particular the committee shall consider questions referred to it by the minister and recommend to the minister whether the Corporation should sell or otherwise dispose of any assets or whether they should be dealt with or disposed of in some other way, and consider representations made by government departments, provincial governments, municipalities or public bodies with respect to surplus Crown assets and make recommendations to the Minister in connection therewith.

SPECIAL COMMITTEE

(V) that with specific or general authority from the Governor in Council, the minister may:—this is section 9—I will quote it:

- (a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus Crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as he may consider desirable.
- (b) hold, manage, operate, finish, assemble, store, transport, repair, maintain and service surplus Crown assets;
- (c) restore to its original condition any property that has been made available to His Majesty and settle any claim in connection therewith;
- (d) approve the transfer of surplus Crown assets from one government department to another;
- (e) empower a government department to sell surplus Crown assets upon such terms and subject to such conditions as he may consider desirable;
- (f) make such orders and issue such directions as he may deem necessary or expedient to provide for the safety and preservation of surplus Crown assets;
- (g) direct any person to furnish within such time as he may specify, such information with regard to surplus Crown assets as he may specify.
- (h) engage or make use of the services of any person in carrying out any of the purposes of this Act.
- (i) direct the corporation to do any of the things authorized by paragraphs (a) to (d) inclusive of this section;
- (j) authorize a government department to amend a report made under section three of this Act by deleting therefrom a reference to any specified property and;
- (k) do any other thing the Governor in Council may consider to be incidental to, or necessary for, carrying out the objects of this Act."

The Act also provides:

- that, subject to general or specific instructions given by the minister, the corporation may, when so directed by the minister—and this is section 12—
- "(a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus Crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as the board may consider desirable;
 - (b) hold, manage, operate, finish, assemble, store, transport, repair, maintain and service surplus Crown assets;
 - (c) restore to its original condition any property that has been made available to His Majesty and settle any claim in connection therewith;
 - (d) convert surplus Crown Assets back to basic materials; and
 - (e) do such other acts and things as the Board may deem incidental or conducive to the attainment of its objects or the exercise of its powers."

The Act also provides:

that all Crown property under the administration of War Assets Corporation Limited, be transferred to War Assets Corporation and that the charter of War Assets Corporation Limited is cancelled and the company dissolved.

The "minister" for the purpose of The Surplus Crown Assets Act is defined as the Minister of Munitions and supply, but by orders in council P.C. 7995 of October 13, 1944, and P.C. 8368 of October 30, 1944, the powers and duties of the Minister of Munitions and Supply in this regard were transferred to the

Minister of Reconstruction under the authority of the Public Service Rearrangement and Transfer Duties Act. All references to the "minister" should accordingly now be read as the Minister of Reconstruction.

By order in council P.C. 5297 of July 12, 1944, the Governor in Council approved the recommendation of the minister that a committee to be known as the Crown Assets Allocation Committee be established pursuant to the Surplus Crown Assets Act; that it have the same representation as the former Crown Assets Allocation Committee; that the same persons be appointed there-to and that the new committee operate in substantially the same manner as the former committee. The order in council also provided that the former committee be dissolved.

By a letter dated July 12, 1944, the minister delegated to the new committee powers and functions similar to those of the former committee. I refer to that letter in more detail later.

The new committee held its first meeting on July 21, 1944, and has met at regular intervals since that time. Minute 3 of the first meeting of the new committee is as follows:

The Chairman pointed out that various decisions as to policy has been made by the former committee and on motion it was unanimously resolved that all such decisions be deemed to be decisions of this committee.

It is accordingly unnecessary in practice to distinguish between recommendations or actions of the original committee established by order in council P.C. 9108 and the new committee established by the Surplus Crown Assets Act.

It should be noted, however, that parliament, in the Surplus Crown Assets Act, made several fundamental changes in the procedure and policy established by order in council 9108. The following points might be specially noted:—

- (i) Under order in council P.C. 9108, reports of surplus, were made to the Crown Assets Allocation Committee—under the Surplus Crown Assets Act such reports are made to the minister;
- (ii) Under P.C. 9108, surplus Crown Assets were assets surplus to the needs of the government of Canada—under the Surplus Crown Assets Act, surplus Crown assets are assets surplus to the needs of a particular government department;
- (iii) Under P.C. 9108, the Crown Assets Allocation Committee had substantial independent duties and responsibilities—under the Surplus Crown Assets Act, the function of the Crown Assets Allocation Committee is primarily to advise the minister.

There have been a few changes in the personnel of the committee and at the present time, the membership of the committee is as follows:—

J. H. Berry, Ottawa, Ontario (chairman)—President, War Assets Corporation,

W. D. Matthews, Department of External Affairs, Ottawa, Ontario,

A. Ross, Deputy Minister of National Defence, Ottawa, Ontario,

E. P. Murphy, Deputy Minister of Public Works, Ottawa, Ontario.

Winlay Sim, Department of Trade and Commerce, Ottawa, Ontario.

W. S. Woods, Deputy Minister, Department of Veterans' Affairs, Ottawa, Ontario,

B. G. McIntyre, Comptroller of the Treasury, Ottawa, Ontario,

C. K. C. Martin, Chief of Distribution Division, Wartime Prices and Trade Board, Ottawa, Ontario.

P. R. Bengough, Trades and Labour Congress of Canada, Ottawa, Ontario, representing labour,

J. F. Desmarais, Horticulteur, Iberville, Quebec, representing agriculture.
Mrs. C. H. Thorburn, Ottawa, Ontario, representing the householders of Canada,
T. Earl Walker, Department of Transport, Ottawa, Ontario.

The duties and functions of the Committee as set forth in the minister's letter of July 12, 1944, referred to above, may be grouped as follows:—

(1) To prepare and issue instructions and directions to ensure the orderly reporting by government departments of property which is unnecessary to satisfy the immediate or known future requirements of such departments;

(2) to receive, on behalf of the minister, reports of surplus by government departments, and to consider such reports and transfer the property referred to therein to War Assets Corporation with specific recommendations when such are appropriate;

(3) to consider representations made by government departments, provincial governments, municipalities, or public bodies, and make recommendations in connection therewith and to formulate and recommend general policies or plans with respect to the use or disposal of surplus Crown assets.

In carrying out the first of the above duties, namely to ensure the orderly reporting of surpluses, the Crown Assets Allocation Committee has issued a series of standard procedures outlining in some detail the forms and procedure to be used and followed by government departments in making reports of surplus. This procedure has now been in operation for over a year and appears to have worked satisfactorily in practice.

In carrying out the second of the above duties, namely to receive and deal with reports of surplus, the committee has received 11,575 reports of surplus from government departments as of September 30, 1945. These have been dealt with by the administrative staff of the committee, and in most cases the property has been transferred to War Assets Corporation for disposal either with or without a special direction.

In carrying out the third of the above duties, namely to recommend policy, the committee has considered many questions. The most important questions dealt with are the following:—

(1) *Priorities.*—The problem of priorities has been extremely troublesome. . . . It early became apparent that detailed priorities were beyond the administrative machinery of the committee and would have to be dealt with by War Assets Corporation. In the consideration of detailed priorities each transaction must be considered in the light of its peculiar circumstances at the moment. An urgent and pressing need to-day may be merely a normal requirement to-morrow, either because of changed circumstances or because the allotment of a little to-day out of the available supply might be sufficient to satisfy the most urgent need so that the requirements of the person formerly in second place should take first place to-morrow.

The committee has therefore established only broad general priorities applicable in almost any situation. As the minister has pointed out, substantially all surplus property transferred to War Assets Corporation is subject to the broad general priority "that priority be given to any federal government, department or agency, provincial government department or municipal body or public organization in the order stated which has requested any of the said stores."

Certain other directives to the corporation in respect of priority have been established for particular categories of stores as follows:—

(i) Clothing and stores suitable for relief purposes.—“That priority be given firstly to government departments which have requested any of the said stores for domestic use and secondly, subject to the concurrence of the Wartime Prices and Trade Board that the said stores be offered to government departments or other government approved agencies requiring the same for international relief purposes.”

Stores of the above type are normally desired for relief purposes by both U.N.N.R.A. and C.U.R.A.F. To prevent continued competition the committee negotiated an agreement between the two relief bodies that any stores required by both be divided on the basis of seven-tenths to U.N.N.R.A. and three-tenths to C.U.R.A.F.

(ii) Office furniture.—“That priority be given firstly to the Department of Public Works, irrespective of whether or not a request has been made, and secondly to any other federal government department or agency, provincial government department, municipal body or public organization, in the order stated, which has requested any of the said equipment.”

(iii) Office Equipment.—“That priority be given firstly to the Department of The Secretary of State (King's Printer' irrespective of whether or not a request has been made, and secondly to any other federal government department or agency, provincial government department, municipal body or public organization in the order stated, which has requested any of the said equipment.”

(iv) Wireless Equipment.—“That priority be given to the Department of Transport.”

(v) Equipment for Veteran Training at Universities.

At the request of the Universities' Committee on War Supplus the Crown Assets Allocation Committee recommended that if a request by a university for material or equipment for veteran training was sponsored by the Department of Veterans' Affairs it be given the same priority as a request by a federal government department.

(vi) A.R.P. Equipment.

In view of the services rendered by municipalities in assisting in A.R.P. work the committee recommended that in disposing of A.R.P. equipment first priority be given to the municipalities who had co-operated in the use of such equipment.

2. Inter-department Transfers.—Following consultations and discussions Treasury Board, on February 17, 1944, indicated to the committee that it was of the opinion that no surplus assets should be transferred from one government department to another except upon payment by the receiving department. Treasury Board was of the opinion that free transfers of surplus Crown property from department to department would depart from the basic principle that all departmental expenditures must be under the strict control of parliament. This parliamentary control is in fact exercised through control of financial allotments to departments and if departments were permitted to acquire, without charge against their parliamentary allotment assets which were surplus to the needs of some other department, parliamentary control would, to some extent, disappear. The committee concurred in the recommendation of Treasury Board. This policy has been strictly adhered to with respect to chattels and personal property

of all kinds. With the permission of Treasury Board, it has, however, been varied to the extent that direct allocations of real estate only are made from department to department without payment. It was felt that the carrying and continuing charges in respect of real estate, which would be charged against the receiving department's parliamentary appropriation, would be sufficient protection to prevent any abuses of the free transfer of real estate.

3. Another policy matter dealt with by the committee was the question of surplus property owned by foreign governments but situate in Canada.

The committee took an active part in negotiations with foreign governments owning surpluses in Canada and wishing to dispose of their surplus in Canada. Agreements have been reached with most of such countries that such surpluses will be disposed of in Canada only through the medium of the Canadian Surplus Disposal Agency and procedures to effect this have been issued. A further series of standard procedure based on the 33rd Recommendation of the Permanent Joint Board on Defence have been issued by the committee dealing with the procedure to be followed by the government of the United States to effect disposal of United States property.

4. The other phase of the same problem, namely, Canadian owned surpluses in foreign countries was also considered, and the committee has taken an active part in negotiations respecting the methods of disposal to be followed in respect to Canadian owned surpluses in foreign countries.

Informal agreement has been reached with the United Kingdom, that the appropriate United Kingdom Disposal Agency will deal with Canadian surplus located in the United Kingdom which the Canadian government wishes to sell in the United Kingdom, crediting Canada with the net proceeds of such sales in accordance with financial policies as may be established. Negotiations are still being carried on with the United States and no agreement has yet been reached though there is an informal agreement between the two countries that neither will dump or dispose of surplus property in the other country without specific agreement.

5. The question of automotive equipment was also discussed. A general policy and procedure for the disposal of automotive equipment was prepared at the instigation of the committee by a committee headed by the Motor Vehicle Controller. The Crown Assets Allocation Committee recommended that automotive equipment of commercial types, still having a useful operating life, should be disposed of through the commercial channels of automotive dealers. A broad outline of price structure within the price ceilings fixed by the Motor Vehicle Controller was recommended but the detail was left to the jurisdiction of the corporation.

The Special committee considered automotive equipment of the purely military type and expressed the view that its usefulness in civilian capacities was very limited due to its inefficiency as a road carrier and the difficulty regarding maintenance and spares. The Crown Assets Allocation Committee recommended, however, that if any military type became available endeavours be made to sell it to specialized civilian users for whom such equipment was appropriate.

6. Real Estate—The problems involved in the disposal of real estate acquired for war purposes received consideration from the committee.

The recommendations of the committee were given effect by order in council P.C. 6204 of August 11, 1944. In broad outline the order provides that all government departments should report any land under their administration in which the Crown has an interest and which is surplus to their requirements as far in advance of the date upon which such land will become surplus as is possible in the circumstances. If the Crown interest in the land is limited, as

for instance leaseholds, the committee may, on behalf of the minister, return the report to the reporting department and request that that department terminate the lease. If, however, the leased land is required by some other government department, or has upon it a substantial quantity of Crown-owned improvements, it is normally passed to War Assets Corporation in order that all matters between the landlord and the Crown may be settled at one time. Lands fully owned by the Crown are to be transferred to War Assets Corporation which is to investigate the situation, endeavour to negotiate a proposed sale, and report back to the minister for submission to council if required.

Experience gained in the operation of the above procedure indicated that the report of surplus could be dispensed with in many cases and a standard procedure was issued by the committee authorizing departments to terminate leasehold interests without a report of surplus where the term of the lease was very short or the Crown's right was very limited—in other words, any cases where there was no reasonable likelihood of further use being made of the property by the Crown.

7. Machine Tools—The disposal of Crown-owned machine tools has been considered by the committee from time to time. The original recommendations of the committee were embodied in order in council P.C. 1339 of March 4, 1944. This order in council provided a procedure for the sale of machine tools which were surplus to war requirements or for sale of machine tools which were still required in the war program but could be sold to the present custodian subject to the limitation that they be used for war work if so required. The order provided a schedule of depreciation for various types of equipment and directed that no sale be made at prices less than those arrived at by such table of depreciation.

Experience in the operation of the above procedure indicated that certain changes were required, particularly in the method of calculating prices, and to more clearly distinguish between tools which were surplus Crown assets within the meaning of the Surplus Crown Assets Act, and tools which were not surplus but were available for sale provided restrictions on the use thereof could be arranged with the purchaser.

Accordingly a new recommendation was made which was embodied in order in council P.C. 7909 of October 10, 1944. This provided a much simpler scheme of depreciation, namely 68·2 per cent of the Canadian cost less further depreciation at the rate of ·9 per cent of such cost per month for each month during which the machine tool was in operation, with a minimum floor of 25 per cent of original cost.

8. Ammunition, Bombs and Small Arms—the committee recommended that first priority on live ammunition, bombs and small arms, be given to the Department of Munitions and Supply for war purposes and thereafter the usual order of priorities. If the corporation was of the opinion that no sale was possible within a reasonable time and that scrapping was uneconomical or too hazardous, then the items were to be dumped into the sea. This recommendation was put into effect by order in council P.C. 6099 of August 4, 1944.

9. Miscellaneous—

(i) the committee recommended that hand tools or mechanics kits in the possession of artisans whose services on a particular war program were no longer required, might be sold to such artisans by the contractor concerned, with the approval of the appropriate government department, but not more than one kit or set of tools was to be sold to one person, and also that members of the armed forces might, on their discharge, be permitted to purchase directly from the department concerned, small personal items other than lethal weapons which had been in their possession while they were in service.

(ii) The committee recommended that airfields under the administration of the Commonwealth Air Training Plan be transferred directly to the Department of Transport when no longer required by the training plan. The purpose of this direct transfer was to vest the control of all airfields in the Department of Transport so that they could have an opportunity to consider the function of each field in relation to peacetime requirements.

(iii) The committee recommended certain changes in the Defence of Canada regulations to permit the sale of surplus uniforms after the removal of insignia, buttons, etc., as directed by the Department of National Defence.

(iv) The committee recommended that the Department of National Defence (for Air) be authorized to make direct transfers to the Department of Veterans Affairs of small quantities of scrap plexi-glass, aluminum, etc., for use by hospital patients in handicraft training.

(v) The committee considered the question of definition of the words "public body" as used in the Surplus Crown Assets Act and recommended that a public body be tentatively defined as a tax-supported public body or non-profit institution such as a hospital or school, but that War Assets Corporation give special consideration to requests from organizations such as the Boy Scouts' Association which were not public bodies within the above definition.

The actual operations of the committee are conducted as follows:—

When a report of surplus is received by the secretary of the committee it is recorded and indexed and given a serial number. It is then considered and if the property referred to therein falls within one of the standard directives of the committee as is normally the case at the present time, a transfer is made to the corporation with the appropriate direction. If the particular submission raises some new question of policy, it is referred to the next meeting of the committee, or to a special meeting if it must be dealt with urgently.

Regular meetings of the committee are held on the third Friday of each month and special meetings are called from time to time as required.

When the report deals with real estate required by some other federal government department, a direct allocation is made by the committee to that department and if the report deals with leased land, it may be returned to the reporting department to terminate the lease or transferred to War Assets Corporation for the necessary action as circumstances may require.

At each regular meeting of the committee a report is presented by the administrative staff showing the reports of surplus received and the action taken thereon since the last meeting. As an illustration we have brought to-day copies of the last report dealt with by the committees. This shows in some detail the actual operations taking place.

We have also prepared—unless you wish it I suggest that I do not need to read it—a detailed report of the matters dealt with by the committee. There are enough copies of this to be made available to the members of the committee and I suggest that as it contains long columns of figures that it would be better to look at it than to read it.

Mr. LALONDE: But it will be included in our *Hansard*, I suppose.

Mr. GOLDING: It might be just as well to read it.

Mr. HOMUTH: No, just include it in the report.

The CHAIRMAN: As Mr. Homuth suggests, we will have it included in the record.

WAR EXPENDITURES AND ECONOMIES

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CROWN ASSETS ALLOCATION COMMITTEE

STATISTICAL REPORT ON OPERATIONS

REPORTS OF SURPLUS BY DEPARTMENTS AS OF SEPTEMBER 30, 1945

Department	Original Cost as Stated by the Reporting Department
1. Department of National Defence for Air	\$322,100,000
2. Department of National Defence (Army)	49,400,000
3. Department of National Defence (Naval Services)	95,100,000
4. Department of Munitions and Supply (see note below)	131,500,000
5. Department of Veterans Affairs	4,300,000
6. Department of Transport	11,000,000
7. Others	416,400
Total	\$613,816,400

Note: From April 1, 1944, until March 8, 1945, the Department of Munitions and Supply reported scrap and production and expense material directly to War Assets Corporation and not through Crown Assets Allocation Committee. The Department of Munitions and Supply reports that the original cost of property so transferred amounts to \$60,463,000 which has not been included in the above figures. No amount is included in the above figures in respect of a number of reports from the Department of Munitions and Supply covering scrap and production and expense material resulting from termination of contracts and certain Crown owned plants where no Original Cost was shown.

ACTION BY CROWN ASSETS ALLOCATION COMMITTEE

	No. of Reports	Original Cost as Stated by the Reporting Department
Transferred to War Assets Corporation	11,276	\$565,808,900
Transferred to Federal Government Departments by Direct allocation (real estate only)	120	47,426,400
Leases returned to Reporting Departments to be terminated	179	581,100
Totals	11,575	\$613,816,400

SURPLUS PROPERTY REPORTED TO CROWN ASSETS ALLOCATION COMMITTEE CLASSIFIED AS TO TYPE OF PROPERTY

Type of property	Original Cost as stated by the Reporting Department
1. Aircraft with or without engines	\$ 198,440,486
2. Aircraft engines and propellers	23,241,513
3. Spare parts for category 2	13,168,782
4. Spare for aircraft excluding category 3	16,078,629
5. Parachutes — all	4,237,723
6. Airfields and Airdromes	46,707,666
7. Flying equipment	251,648
8. Aircraft repair material	165,584
9. Aircraft accessories and equipment	623,565
10. Ammunition S.A. & M.G.—All types, including components	45,949
11. Ammunition—Artillery, all, including components	1,216,960
12. Bombs and Grenades, all, including components	1,378,727
13. Torpedoes—all—including components	278
14. Other types of projectile not specified in 10, 11, 12, 13	953,821
16. Explosives in bulk, demolition charges, etc.	24,543
20. Small arms, rifles, pistols, etc.	2,170,053
21. Machine guns—all—including mountings and accessories	1,252,014
22. Field Artillery, including accessories	3,290,591
23. Naval guns, including accessories	4,842,735
24. Fixed or fortress artillery, including accessories	262,000
25. Anti-aircraft guns—all—including accessories and mountings	152,183
30. Boats and vessels—all—including special equipment	95,335,126
34. Marine engines and accessories	90,613
35. Spare parts for category 34	7,730
40. Bridges, pontoons, etc.	45,304
45. Bicycles and spare parts	32
46. Books—all—text, etc.	28,534
50. Buildings—factory	108,713
50A. Buildings—factory on leased land	679,925
51. Buildings—storage	25,114
51B. Buildings—factory on Crown-owned land	1,169,444

SURPLUS PROPERTY REPORTED TO CROWN ASSETS ALLOCATION COMMITTEE CLASSIFIED
AS TO TYPE OF PROPERTY—*Con.*

Type of property	Original Cost as stated by the Reporting Department
52. Buildings—dwelling (permanent and semi-permanent).....	\$ 129,963
52A. Buildings—dwelling (permanent and semi-permanent) on leased land.....	718,305
52B. Buildings—dwelling (permanent and semi-permanent) on Crown-owned land..	355,240
53. Buildings—hutments and sectional.....	2,630,872
53A. Buildings—hutments and sectional on leased land.....	2,860,497
53B. Buildings—hutments and sectional on Crown-owned land.....	780,429
54. Buildings—cafeteria, canteen, social or mess.....	47,439
54B. Buildings—cafeteria, canteen, social or mess on Crown-owned land.....	1,500
55. Buildings—combined.....	721,990
55A. Buildings—combined on leased land.....	4,896,624
55B. Buildings—combined on Crown-owned land.....	5,515,885
58. Building material—(cement, bricks, tiles, lumber, etc.).....	385,797
61. Personal equipment other than clothing.....	11,507,727
70. Chemicals in bulk.....	702,712
75. Chemical warfare equipment—general.....	339,726
80. Containers and packaging—steel.....	8,695
81. Containers and packaging—wood.....	89,909
82. Containers and packaging—combined.....	284,988
83. Containers and packaging—other.....	43,030
90. Canteen, cafeteria, kitchen or mess equipment—ex. fixtures.....	92,464
91. Canteen, cafeteria, kitchen or mess equipment—fixtures only.....	836,588
100. Cables—electric—in reel or coil lots.....	3,321
101. Cables—electric—in other than reel or coil lots.....	72,909
105. Electric light fittings, lamps, fans, etc.....	64,297
108. Electrical stores—general (conduit, junctions, switchboards, etc.).....	551,225
110. Compressors—air—portable.....	988,811
111. Compressors—air—fixed.....	40,078
120. Construction and excavating equipment and machinery, excluding transport vehicles.....	4,204
60. Clothing—all.....	1,226,242
121. Spare parts for category 120.....	7,042
127. Equipment—ventilating.....	5,317
128. Equipment—heating—all.....	57,399
129. Equipment—laundry.....	12,218
130. Equipment—handling (conveyors, cranes, hoists, hand trucks, bins, racks, etc.)	513,950
131. Equipment—hand tools. (files, drills, taps and dies, chisels, etc.).....	237,039
132. Equipment—processing.....	78,598
134. Equipment—service station.....	14,570
135. Equipment—sports and gymnastic.....	21,273
136. Equipment—miscellaneous.....	1,305,307
137. Equipment—printing and lithographing.....	13,616
139. Fuel—coal, wood—all other than fuel oil.....	777,252
140. Furnishings—blankets, sheets, pillows, drapes, etc.....	654,682
145. Furniture—hospital, office, canteen, etc.....	878,843
149. Fences, gates—all.....	3,705
150. Fire Fighting Equipment—all—general use.....	2,694,421
160. Generators—electric portable (including driving unit if attached).....	38,717
161. Generators—electric fixed (including driving unit if attached).....	148,604
165. Freezing or refrigeration units, air-conditioning, etc.....	24,615
170. Hardware—nuts and bolts, nails, sundry fittings, etc.....	185,893
175. Hose—all, except fire fighting.....	18,963
180. Harness, saddlery, etc.....	981,515
191. Instruments—draughting and drawing.....	15,937
192. Instruments—measuring—all types.....	10,262
193. Instruments—testing.....	185,112
194. Instruments—meteorological.....	2,124
200. Jigs, fixtures, forming dies, gages and patterns for specific purposes.....	81,639
210. Laboratory equipment.....	53,138
220. Land (Crown-owned (vacant).....	134,710
220A. Crown-owned buildings or movables thereon.....	597,677
222. Land—leased (vacant).....	1,324
224. Land—including buildings and other structures thereon—leased.....	3,969,088
225. Live stock.....	3,537
230. Medical equipment and surgical instruments.....	260,787
235. Metals—in mill form—ferrous.....	167,260
241. Metals—in mill form—non-ferrous.....	242,405
250. Motor Transport—passenger types.....	149,784
251. Motor Transport—military types (multi wheel drive).....	6,006,000
251A. Spare parts applicable to category 251 only.....	22,753
252. Motor Transport—conventional types (two-wheel drive).....	885,920
252A. Spare parts applicable to category 252 only.....	185,504

WAR EXPENDITURES AND ECONOMIES

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SURPLUS PROPERTY REPORTED TO CROWN ASSETS ALLOCATION COMMITTEE CLASSIFIED AS TO TYPE OF PROPERTY—*Contc.*

Type of property	Original Cost as stated by the Reporting Department
253. Spare parts common to categories 250, 251, 252, 257.....ffi.....\$	91,547
254. Motor transport—snow removal equipment.....	32,383
257. Motor Transport—special purpose, including armoured wheeled vehicles....	1,178,682
257A. Spare parts applicable to category 257 only.....	64,988
258. Motorcycles and sidecars.....	1,407,339
258A. Spare parts for category 258.....	709,769
259. Maintenance equipment—special, for motor transport.....	184,257
260. Self track laying vehicles—military type.....	3,276,287
260A. Spare parts for category 260.....	104,538
270. Tractors—conventional type—all	153,848
270A. Spare parts for category 270.....	29,886
280. Machine tools—all	22,957,302
281. Ancillaries for machine tools (coolant pumps, etc.).....	18,031
282. Machinery—other than for the removal of material.....	125,883
290. Motors—electric (separate)	89,290
291. Motors or engines—gasoline or diesel.....	114,204
295. Transformers—electric—all types	93,999
310. Oil and grease—lubricating—all types.....	13,872
315. Oil, fuel, light and heavy—all types.....	11,103
320. Office equipment (calculating machines, typewriters, etc.).....	230,059
330. Optical equipment (binoculars, telescopes, etc.).....	1,221
340. Photographic equipment—all.....	101,608
345. Projector apparatus—all.....	5,327
350. Perishables—all (foodstuffs, etc.).....	882,801
359. Production and expense Materials, work in process and finished stores.....	69,153,786
360. Plumbing and Sanitary Equipment, including water supply plant, valves, pipe fittings, etc.....	1,124,596
370. Paints and lacquers—all.....	124,248
375. Oil—except lubricating and fuel.....	595
390. Ropes and cordage.....	16,920
393. Chains—all types.....	4,074
396. Cables—other than electrical.....	9,427
400. Rubber materials (tires, etc.) except clothing and personal effects.....	220,631
410. Railway equipment—all.....	43,985
420. Stationery supplies (paper, pencils, etc.).....	27,335
430. Searchlights and auxiliary equipment.....	74,688
440. Scrap—ferrous	18,943
441. Scrap—non-ferrous	249,984
442. Scrap—combined ferrous and non-ferrous.....	408
443. Scrap—other	10,264
443A. Scrap—textiles	58
443B. Scrap—rubber, all types.....	80
443C. Scrap—wood	4,103
443E. Scrap—paper, cardboard, etc.....	3,181
450. Storage tanks—all types and ancillaries.....	244,503
460. Telephone and telegraph equipment (excluding cable).....	587,914
470. Tents and shelters.....	127,664
471. Covers, special for specific stores.....	835
480. Textiles (uncut cloth, etc.).....	210,608
490. Trailers, carts, wagons and sleighs.....	98,155
500. Wireless, radar, etc.....	8,730,723
500A. Spare parts for category 500.....	1,347,311
510. Woodworking machinery.....	1,400
520. Agricultural machinery and equipment.....	857
600. Complete establishments including land, buildings and equipment.....	23,519,196
700. Mixed categories.....	2,087,019
TOTAL	\$613,816,400

Mr. HOMUTH: Is that the end of the brief?

Mr. DEROCHE: Except for these statistics. I thought perhaps you might want to ask some questions about the figures themselves. Have you a copy of that in front of you?

The CHAIRMAN: Now, gentlemen, if you have all received a copy of the statement, I will ask Mr. DeRoche to proceed.

Mr. DEROCHE: You will note that in the statistical return of the items dealt with we have broken it down by government departments so that you can see the amount reported by each government department. And in the note you will see that the total of \$613,816,400 does not include some quite substantial pieces of property in respect of which it was impossible to price a report of surplus, so there is a good deal of other property which has been dealt with but which could not be included in the dollar figure.

Then, the section here at the bottom part of the first page shows the action which the committee has taken on these various reports of surplus; and the subsequent pages show the property which has been reported surplus broken down into the various categories of equipment.

In the large mimeographed volume, which is the monthly report to the committee, you will see that it deals with each report of surplus individually. The number at the left indicates that it is a separate report of surplus; then the store is described in short fashion; the figures are given; and the disposal which was made of it is shown in the last column.

Hon. Mr. HOWE: If I might interrupt for a moment, I must leave for council. This morning I touched on some of the difficulties of handling disposal, and I told you that I just got Mr. Berry out of a sick bed last week. I just received word this morning that the second in command is in hospital with arthritis; and the man dealing with surplus plants had a heart attack this morning and would be in hospital for at least three months.

Mr. HOMUTH: He better watch himself.

Mr. REID: Mr. Chairman, I wonder if I might make a suggestion before the minister leaves. We hear a good deal of criticism about the disposal and destruction of surplus assets and I was wondering if I might call to his attention an arrangement which they are using out at the west coast in the United States. I noticed that in Seattle last week that they disposed of at one time \$8,000,000 worth of discarded planes, and on the committee disposing of it they had representatives of labour and consumers, and when they were disposing of it they had it explained to them as to why it was desirable to destroy such a quantity of material. At the present time there are a great many rumours and suggestions going about the country, people asking why we are throwing away material which they think could be saved. I think much adverse criticism of the type now rampant could be avoided if we had a committee of that kind set up to assist with and have a thorough knowledge of the action taken and the reasons for it. I think that way there would be much less criticism going around.

Hon. Mr. HOWE: I agree wholly with Mr. Reid's remarks, and I think that we have had a lot of the wrong kind of publicity. As Mr. Berry will tell you, steps are already being taken to correct that. You will recall that a few weeks ago quite a bit was said about certain buildings which we had to burn at one of the larger munitions plants. The reason we had to burn them was that they could not be decontaminated, but a lot of the public did not know that. If there are any more disposals of that nature, and others that we have had in the past, we propose to have adequate and suitable publicity supporting it. It is only fair to the public that they should know the reasons for the disposal of plants, stores or equipment. We have been working on that. The difficulty is that we have a very small staff for a very big problem. It is difficult to attract staff to this type of work. It is not the type of work that commends itself to most people.

Mr. BERRY: It has been referred to as a self-liquidating job.

Hon. Mr. HOWE: Yes, as Mr. Berry suggests, it is a self-liquidating job, you might say. However, I am not sure but that from the committee may come other suggestions which the management will be very glad to adopt.

We are all working on the job and we realize that we all have a lot to learn, so any suggestions of that kind will be very welcome.

The CHAIRMAN: Thank you, Mr. Howe. Mr. DeRoche?

Mr. DeRoche: I think that concludes the brief.

Mr. Homuth: There is one matter to which I should like to refer. I just wondered if it should be cleared up. I refer to that point at which the witness said, "in most cases were turned over to war assets". I think that was the terminology used—as I understand it, that is after it was transferred to the allocation committee, then the allocation committee apparently turned it over to war assets. In the case where it was not turned over to war assets, what took place?

Mr. DeRoche: Mr. Homuth, if you will refer to the statistical report, on the first page you will see that of the \$613,000,000, \$565,000,000 were turned over to war assets; \$47,000,000 real estate only was directly allocated to another government department.

Mr. Homuth: That sentence then referred to real estate or leases?

Mr. DeRoche: Everything goes to the War Assets Corporation except real estate. If the committee makes a recommendation as to disposal to another government department that recommendation is made to War Assets Corporation because of the decision of Treasury Board that the government departments should be forced to buy from each other, and accordingly the sale is put through War Assets Corporation. The Crown Assets Allocation Committee passes everything directly to the corporation with a direction that it be sold, say to the Department of Public Works, and it is included in the amounts shown or transferred to War Assets.

Mr. Homuth: In the sentence which I understood you to read said, "in most cases turned over to war assets."

Mr. DeRoche: "In most cases" would include everything except real estate.

Mr. Reid: Do I gather that property is not turned over to war assets?

Mr. DeRoche: Real estate.

Mr. Reid: I am sorry I wasn't here. By real estate you mean abandoned airfield sites? Would they be real estate?

Mr. DeRoche: That would be real estate.

Mr. Reid: Because I have just received a letter from a municipality in my riding concerning a transaction in my district saying that on the instructions of the minister it had been turned over to War Assets Corporation, so I advised them this morning to get in touch immediately with war assets and see if they can secure that property.

Mr. DeRoche: It is not all real estate that is not transferred to War Assets, it is the real estate which is required by another government department. If it is not required by another government department, then War Assets takes everything else.

Mr. Shaw: We all appreciate very much the comprehensive picture of the organization. The next thing that I should like to have is the picture of this set up from the standpoint of staff, branch offices, and so forth. I would like to see what their organization looks like spread right across Canada—War Assets Corporation, for example.

The CHAIRMAN: You are dealing with War Assets, now, are you?

Mr. Shaw: I would like to have more particularly War Assets.

The CHAIRMAN: That will come later, Mr. Shaw.

Mr. Shaw: I thought that the two were more or less interwoven.

Mr. BERRY: I think, Mr. Chairman, we have to present a correct picture to the committee and to do that we have to consider these two as very distinct parts. I have managed to keep it relatively in two parts in my mind, and I believe that that is the only way to handle it. The committee itself is comprised of administrative officers all located at Ottawa. It has no offices outside of here.

Mr. SHAW: As long as we move along and get that picture eventually.

Mr. BERRY: There will be no question about that.

Mr. HOMUTH: There is one other question occurs to me from what I heard following the brief. I realize the tremendous job this War Assets Corporation has undertaken, and anyone who deals in any business can appreciate that it is a tremendous job; and sometimes I have felt perhaps, knowing something of war assets, that a lot of criticism that has sometimes been levelled at War Assets is not criticism to which they are entitled. One question I would like to ask is this; I do not know whether Mr. Berry or any one can answer it—are the departments of government permitted to sell anything without it going through War Assets? I think that is a very important question.

Mr. DEROCHE: The Surplus Crown Assets Act, a copy of which is in front of you, provides:

(2) Notwithstanding any Act or order in council enacted or passed before this Act comes into force, no government department shall dispose of surplus Crown assets except in accordance with this Act or in accordance with general or specific authority from the Governor in Council.

Now, I think in the brief I mentioned all of the cases in which special permission was given to a department to dispose of something. They are all of a very minor nature—the armed services have been authorized to dispose of dangerous ammunition, or destroy it themselves without reporting the surplus, for instance. There is I think one other minor case that I did not mention; the Department of External Affairs was authorized to sell small items of not more than, I think it was, \$100 in value from their offices located in foreign countries. Except for a few minor items of that character all sales of surplus Crown assets are supposed to follow this channel.

Mr. LALONDE: Supposing, Mr. Chairman, the Department of Public Works wants to buy a tractor for its own use and the army has one to dispose of, they have to hand it over to War Assets and the Department of Public Works has to make application to them—that is the procedure followed, they buy it through War Assets?

Mr. DEROCHE: Yes, that is the set up, Mr. Lalonde.

Mr. LALONDE: That is what I wanted to know.

Mr. DEROCHE: The reason behind that, when the Act was being framed, was to prevent if possible competition among government selling agencies. The idea was that one agency would do all the selling, and then there would not be any competition in selling anywhere.

Mr. STEWART: There is a matter of a plant in my riding (Winnipeg North) where some interested parties wanted to buy a plant and they were told that the only way in which they could get it was to apply to War Assets. At least, that is the answer I got when I raised the question in the House. Can you tell me who that was sold by?

Mr. DEROCHE: I do not know. The mechanics of selling are somewhat difficult, particularly in deciding which individual man negotiated an individual deal. The transaction is a War Assets transaction. The documentation of the sale is by the War Assets Corporation.

Mr. STEWART: I did not understand that to be the basis of the answer I got in the House yesterday from the Department of Munitions and Supply. I

happened to know that that plant was built in 1914 and sold for \$150,000, and I believe sold privately.

MR. McILRAITH: That is not the meaning of the word "private" as I understand it—

The CHAIRMAN: Perhaps the witness had better give the answer.

MR. McILRAITH: Yes, all right.

MR. DeRoche: In fairness to Mr. Stewart I think I should say this, which perhaps adds a little to the picture: the Surplus Crown Assets Act gives power to sell to the Minister of Reconstruction, and there was a branch set up in the Department of Reconstruction for the sale of complete plants, and that particular sale was negotiated by that branch and not directly by the officers of War Assets Corporation; but the documentation of the sale is by War Assets Corporation. All that was done by the branch, which was known as the War Surplus Branch, was the negotiation of the sale, they arranged the deal; having arranged the deal they passed the deal on to War Assets Corporation and said, here is a sale for you; and it was closed by War Assets Corporation.

MR. STEWART: There is one other question I would like to ask relating to the schedule of depreciation. I think you said the basis was 68·2 per cent of the Canadian cost less further depreciation at the rate of ·9 per cent of such cost per month—and some reference to 25 per cent of original cost—

MR. DeRoche: 68·2 per cent is the original depreciation taken on the basis of excessive war cost. Then, in addition to that, they depreciate it ·9 per cent per month during the months that they were in use. That is a little difficult to work out. In actual practice it is taken during the months since they were installed. It is a little hard to tell whether they actually ran or did not. ·9 per cent depreciation taken from the date of installation.

MR. REID: Is that depreciation based on one, two, or three shifts per day? There is a lot of difference if a machine or tool is working 24 hours a day.

MR. DeRoche: Well, Mr. Reid, that was one of the reasons for the change in the schedule. The schedule in the original order provided different rates for different shifts, but it was found in practice to be utterly impossible to find out, in view of the volume of the stuff, just what was what; and it was felt that the only satisfactory way was to break that down to one simple story. It is used normally for bulk sales, and in bulk sales you could use averages in arriving at the depreciation on machine tools. In the order in council there is a basic floor of 25 per cent, it provides that you cannot go lower than 25 per cent of the original cost.

By Mr. Stewart: (of Mr. DeRoche)

Q. As to this other point you mention, which is causing a lot of discussion throughout the country, the sale of automotive equipment through automobile dealers, is there any reason why that equipment should not be sold directly to consumers?—A. I think sales are being made directly to consumers such as farmers, but the basis behind the committee's recommendation of putting them through dealer channels was the extremely difficult problem of reconditioning such motor vehicles and making them serviceable in order to comply with various provincial laws such as with respect to windshield wipers, tail lights, and so on; and there is the further fact that the public might feel itself to be defrauded, if I might use that word, or seriously mislead, if sales were made without any reconditioning basis or background. The recommendation was that the dealers must sell with a thirty day guarantee, just to bring that into play. It was felt that a contract of sale by the Crown with no such condition contained in it, might leave the public in an extremely embarrassing situation in many cases.

Q. On the basis of a sale then to the dealer, you have got to assume certain depreciation allowances. Are they the usual depreciation allowances, or are they

accelerated depreciation allowances?—A. The committee did not recommend a detailed system. The report by the special committee, if you like to call it that, the committee whose report the Crown Assets Allocation Committee accepted, did suggest a schedule of depreciation which is just about what you mentioned; but the Crown Assets Allocation Committee felt that they ought not to make such detailed recommendations to the corporation, so I am afraid you will have to ask the corporation what actual depreciation they are now using.

Q. Is there not a ceiling on these cars for the individuals who buy them? How can you tell what the ceiling should be?—A. Under the ordinary ceiling arrangement, the Motor Vehicle Controller has fixed a schedule of ceilings, all of which are established according to make, age, and so on, and any sales here are subject to the same ceilings as any other sales.

Mr. HOMUTH: You do sell directly to the farmers. I can remember a sale made in Wellington county. No one was allowed to purchase any of the machines there unless he was endorsed by the local agricultural representative as a legitimate farmer.

By Mr. Lalonde: (of Mr. DeRoche)

Q. Is it true that the automobile manufacturers are entitled to take back, after termination of the war, a certain number of vehicles which they manufactured either for the army or for the air force and so on? Is that being done in order to avoid clogging the market?—A. I have never heard of any such arrangement, Mr. Lalonde and I am quite sure there is none.

By Mr. Shaw: (of Mr. DeRoche)

Q. Where a department of government makes a declaration of certain surpluses, either it does or it does not recommend a certain type of disposition. Where they do recommend, I would say that priorities should be given to certain provincial governments, and so on, which have requested certain motor vehicles. What care is exercised by the department in making known to all provincial governments the fact that certain articles are to be declared as surplus? You may have a certain article which the Department of National Defence intends to declare surplus. One provincial government may have an application in for something of that character. Another provincial government may need that article, but they were not aware it was going to be declared surplus and therefore they had no application for it in. What care is taken to publish the fact that there are surpluses, which are to be declared?—A. The Crown Assets Allocation Committee does not take any steps to publicize the matter. If any such steps are to be taken, that is a matter for the corporation. The committee, in its early meetings, discussed the whole question of what its status should be and it came to the conclusion that, if it were to step into that picture, it could not discharge its functions without requiring the setting up of a large staff which would substantially duplicate the corporation's staff. As a result, the committee decided not to tell anybody anything.

Q. Would that principle also apply to War Assets Corporation?—A. You will have to ask the corporation.

Q. That is one difficulty we come to in dealing with them separately. I shall bring that up again.

By Mr. Reid: (of Mr. DeRoche)

Q. Might I ask why War Assets Corporation should be handling mustard gas? Surely there is no use for that stuff?—A. As a matter of fact it is in the process of being destroyed. But the Surplus Crown Assets Act provides no other scheme for handling surplus Crown assets other than to transfer them to the corporation. The Act does provide ample power, in the section I read, to the corporation to destroy those things which it is believed ought to be destroyed.

By Mr. Stewart: (of Mr. DeRoche)

Q. Did the War Assets Allocation Committee handle the Dominion Magnesium plant, and if so, what disposition did it recommend?—A. The Dominion Magnesium plant was another plant which was sold by the Department of Reconstruction pursuant to the Surplus Crown Assets Act. The actual deal was negotiated by the officers of the War Surplus Branch, but the sale was made by War Assets Corporation. The Crown Assets Allocation Committee did not make, directly, any recommendation at all.

Q. Can you tell us how many plants were handled and whether the War Assets Allocation Committee made any recommendation?—A. The Crown Assets Allocation Committee has not made any allocation or priority direction in respect to plants. There is another branch, in the Department of Reconstruction, called the Industrial Reconversion Branch, whose duty it is to make recommendations in respect to industrial priorities, for example, whether or not this is an industry which ought to be in Canada, or whether this is a sale which ought to be made for reasons of industrial reconstruction.

Mr. HOMUTH: But it eventually goes through War Assets.

By Mr. Macdonnell: (of Mr. DeRoche)

Q. If a government department makes a request for a certain material, is it the duty of the committee to consider whether that request is reasonable or not? I refer, for example, to mine sweepers. It says here, total original cost \$5,500,000, and it says: priority be given to the Royal Canadian Mounted Police, who have requested these vessels. To me that seems a little odd on the face of it. I was just wondering if the committee considers the propriety and reasonableness of such a request?—A. Yes, the committee does consider the reasonableness of such requests. I do not quite see why this particular suggestion is unreasonable. If the Royal Canadian Mounted Police want these vessels, and nobody else does, I wouldn't think it would require much consideration that they be given the first chance to buy them.

By Mr. Benidickson: (of Mr. DeRoche)

Q. You mean: if no other government department?—A. Yes, no other government department.

By Mr. Cleaver: (of Mr. DeRoche)

Q. The Royal Canadian Mounted Police would not be permitted to have those vessels transferred to them until they got a vote in the House authorizing such purchase, through their annual estimates.—A. That is right. They have to go out and buy them just the same as any other purchaser.

Q. And then they have to come to parliament to get the money?—A. Yes, they have to come to parliament to get the money.

By Mr. Reid: (of Mr. DeRoche)

Q. Supposing a municipal authority desires a building or a piece of property formerly used by a government department, and they go to the War Assets to obtain such a building or piece of property. Have you authority to grant it to them or must you set a price?—A. The Act provides that the minister may sell, lease, or dispose of surplus Crown assets either gratuitously or for a consideration.

Q. You said: "The minister". How would the mechanics of that work out?—A. The corporation has the power to do it under the instructions of the minister. The power is there, but I do not believe there is any such policy.

Q. But the minister could direct the War Assets Corporation to turn over to a municipal authority a building or a piece of property?

Mr. HOMUTH: Tom, you will have to put the pressure on the minister.

THE WITNESS: The power, Mr. Reid, is in the Act to do it; the present policies which have been established and laid down would completely prevent such a transaction. I think, in a radio address, Mr. Carswell the former President of the Corporation and the minister stated the general policies which they proposed to follow. One of such policies was that the Surplus Disposal Agency of the Crown is not the body to judge the good works of people. Accordingly, they do not give things away for any reason. If somebody thinks he should have a present, then let him come to parliament and get a grant.

By Mr. Probe: (of Mr. DeRoche)

Q. I would like to get clear in my mind which branch of these four corporations that we are discussing is responsible, or which takes the responsibility, for ordering the destruction of any commodities which they think have no value? Is it the War Assets Allocation Committee that orders the dumping of munitions in the sea, or the ploughing under of airplanes, and that sort of thing? Who takes the responsibility for destruction?—**A.** The Crown Assets Allocation Committee does not make any detailed decision as to destruction. It has a standard directive which was approved by order in council. This directive in relation to bombs, live ammunition, and other explosives provides that if the corporation should determine that it is either uneconomical or too hazardous otherwise to deal with them, they may then be dumped into the sea. But in relation to airplanes and that type of thing, the committee has done nothing whatever.

Q. I would like to know who is the responsible body to say such a thing must be destroyed or such a thing must be sold?—**A.** That is War Assets Corporation.

Q. It is War Assets Corporation. Then, I would like to have a statement submitted here dealing with the rumoured destruction—such rumour has some basis in fact in the mind of the public or a large section thereof—that there are valuable things such as radio sets, signal equipment, small hardware, pails, and so on destroyed. I think a statement to this special committee of the House on the extent of disposal ordered along those lines would be very valuable in clearing up what may be a misconception.

MR. LALONDE: I would be very glad if this question were taken under consideration by the steering committee. If somebody either inside or outside of this committee has any particular complaint to make, then let such complaint be made before our general committee, in accordance with the resolution passed by our committee. Then our steering committee will screen out such charges and bring them up here for discussion. I do not think a statement should be made right now in this committee before having the matter first dealt with by our steering committee.

MR. PROBE: Do you take exception to my question?

MR. LALONDE: Oh, no; but I do think it is a question of procedure.

THE CHAIRMAN: At our last general meeting, we decided that if any person or member of the committee had a matter which he wished to have investigated or looked into or studied, that he would place it before the general committee in the form of a motion in writing. It would then be passed on to the steering committee for their consideration.

MR. PROBE: I shall be glad to do that because I think it might help the officials of War Assets Corporation perhaps just as much as it might harm them. If they have a policy that is sound, they should be able to dispel a lot of rumour.

By Mr. Cleaver: (of Mr. DeRoche)

Q. I would like to clarify that point. Did I understand the witness correctly; that where the question of public safety is concerned, dealing with live ammunition and the like, that the responsibility for disposing of it lies

with the department interested? As to the destruction of valueless equipment, that has no sales value or that would cost more to sell than would be realized out of the sale, does the decision rest with War Assets as to whether such equipment should be destroyed? Am I right?—A. You are pretty close, Mr. Cleaver, but it is not quite as simple as that. The service departments have been authorized to destroy, without reference to War Assets Corporation, dangerous ammunition if they see fit. But the decision as to what is dangerous, and how dangerous it is, sometimes is not easy to make. They do, sometimes, report live ammunition, and in that situation War Assets Corporation may say: well, there is no market for it so we are going to dump it into the sea; or, they may say: we think it is dangerous and we are going to dump it into the sea.

Q. Now as to equipment which is declared surplus, and as to which War Assets, after looking it over, reaches the conclusion that it will cost more to sell than would be realized out of the sale, you take the responsibility of having that type of equipment destroyed?—A. That is correct.

By Mr. Probe: (of Mr. DeRoche)

Q. You mean War Assets Allocation Committee?—A. No, War Assets Corporation.

By Mr. Cleaver: (of Mr. DeRoche)

Q. No, War Assets Corporation look it over, and if they say: it will cost more to market it than we can get out of it, therefore we will destroy it. Now, in regard to motor trucks and the like, I have had many inquiries. Is there any preference given to veterans of this war with respect to the purchase of motor vehicles, or have any rules or priorities been set up, or any machinery set up whereby a veteran can buy a truck, or have priority with the motor vehicle dealer with respect to the purchase of a motor vehicle?—A. The Crown Assets Allocation Committee has not directed any such priority. The War Assets Corporation has a priority office of its own, and they will have to answer the question with respect to definite sales.

Q. When we enter the question of the direct operations of War Assets, we will have them answer it.

The CHAIRMAN: Mr. Berry can answer your question.

Mr. CLEAVER: No, I prefer to wait. I have been wondering why War Assets with respect to these auction sales of surplus equipment, were concerned with the price ceiling?

Mr. HOMUTH: He answered that.

The CHAIRMAN: You are still talking War Assets.

By Mr. Black: (of Mr. DeRoche)

Q. Now, with respect to A.R.P. equipment, what is the policy? I know that many towns, villages, and smaller communities have desired to get possession of such equipment of which they have been the custodians, and with which equipment they have built up organizations to provide protection?—Is that material listed in this inventory?—A. Oh, no, Mr. Black, this inventory is just one month. The total thing stands about that high (indicating) off the floor.

Q. Is all the A.R.P. material listed with your corporation for disposal, or what is your policy with respect to the disposal of it to towns and villages?—A. I think I dealt with that in my brief. The Crown Assets Allocation Committee has transferred all A.R.P. equipment to the corporation, with a direction that first priority be given to the municipality which has the equipment.

Q. Where is that equipment stored now? I understand it was called in from one of those villages and towns?—A. It would be called in by the Director of Civilian Defence himself, I presume. If it has been reported surplus then War Assets Corporation has it. But if the Director of Civilian Defence has not yet reported it as surplus, it then is not available for sale.

Q. Then, what is the minimum price at which that equipment may be disposed of in relation to the cost?—A. Prices are not dealt with by the committee at all. Prices are a matter of negotiation. The order in council which was passed in respect to some particular A.R.P. equipment, and which has been used as a standard directive ever since, suggests that some consideration might be given in the matter of price for those municipalities which had cooperated. But the committee does not attempt to fix any prices. That is a matter of negotiation by the corporation.

Q. Then in the main, most of this material is still held pending disposal?—A. I do not know, but I think most of it has been disposed of.

Q. I would like to ask the policy with respect to the disposal of small machines required by industries started up since the war, which industries are endeavouring to give employment in places where war industries have closed down. They have experienced great difficulty in getting special machinery required for their new industry even in cases where that machinery is stored in the same community where it is now required. It is still in storage, yet they cannot get possession of it, and it is vitally needed for their new industry. Machines are needed that cannot be purchased otherwise, that is, they cannot be purchased in the open market because they are not available. What is the policy of the department in providing such companies or industries with this equipment?—A. The Crown Assets Allocation Committee has no jurisdiction to recommend any priorities other than priorities to government departments, municipalities, and to public bodies. That is a matter for War Assets Corporation, Priority Division.

The CHAIRMAN: Now, gentlemen, Mr. Black is going to be the last one to ask questions this morning because the hour is now five minutes to one. Have you another question, Mr. Black?

By Mr. Black: (of Mr. DeRoche)

Q. I have one other question with regard to page 61. I notice local craft "Kipawo", a ferry operated between my own county and the Minister of Finance's constituency on Mines Basin on the Bay of Fundy. This boat was taken away and used for war purposes, and has now been assigned for disposal on this inventory. If it cannot be secured otherwise, there are local people who would like the opportunity of securing it in order that it might be restored to the same service it was in, during the early days of the war. What is the policy of the department with respect to disposing of such equipment?—A. That is purely a question for War Assets, Mr. Black.

Mr. BLACK: So it is purely a question for War Assets Corporation.

The CHAIRMAN: Now, gentlemen, it is three minutes of one, and I was going to suggest that we meet on Thursday at 11 o'clock, subject to your approval. But, before adjournment, the witness wishes to make just one brief statement.

The WITNESS: In respect to the suggestion that the left-hand may not know what the right-hand doeth, in the relationship between the War Surplus Branch of the Department of Reconstruction, and the Crown Assets Allocation Committee, I would draw attention to the fact that Mr. Berry was Director General of that branch, but there is no such branch now. So, it is all within the family and the right-hand does know what the left-hand is doing.

Mr. SHAW: Will you give us a chance to check this brief which was presented to us today before we resume this matter?

The CHAIRMAN: Yes, and we will include in the record, in addition to the statement made by the witness, the statistical summary, but not this long set of figures. The committee is now adjourned until Thursday at 11 o'clock.

The committee adjourned at 1 p.m. to meet again on Thursday, November 22, at 11 o'clock.

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Canada War Expenditures and
Economies, 1945

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SESSION 1945

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

ON

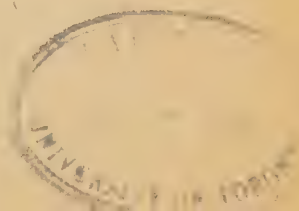
THURSDAY, NOVEMBER 22, 1945

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation;

Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945



ORDER OF REFERENCE

THURSDAY, 22nd November, 1945.

Ordered,—That the said Committee be given leave to sit while the House is sitting.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, November 22, 1945.

The Special Committee on War Expenditures and Economies begs leave to present its

SECOND REPORT

Your Committee recommends that it be given leave to sit while the House is sitting.

All of which is respectfully submitted.

G. B. ISNOR,
Chairman.

Concurred in November 22, 1945.

MINUTES OF PROCEEDINGS

THURSDAY, November 22, 1945.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Benidickson, Black (*Cumberland*), Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Homuth, Isnor, Jackman, Lalonde, Marquis, McDonald (*Pontiac*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Smith (*Calgary W.*), Stewart (*Winnipeg N.*).

In attendance: Mr. J. H. Berry, Chairman of The Crown Assets Allocation Committee and President of War Assets Corporation; Mr. C. Gaysie, General Counsel, Department of Munitions and Supply; Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

The Chairman informed the Committee that several communications, (as listed in the Minutes of Evidence), had been received, and that these would be laid before the Steering Committee.

On motion of Mr. Homuth, it was ordered that the Committee report to the House asking leave to sit while the House is sitting.

Mr. DeRoche was recalled, further examined, and retired.

Mr. Berry was called. He read a statement on the administration, organization and policy of War Assets Corporation, and was examined thereon.

Witness retired, and the Committee adjourned at 1:05 p.m., to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS, November 22, 1945.

The Special Committee on War Expenditures and Economics met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Before calling on the witness to continue I wish to advise that since our last meeting I have received various communications dealing largely with one question, namely, the disposal of war surplus equipment and supplies which could be useful to our educational authorities throughout the Dominion. I have had communications in that connection from the Hon. J. A. MacKinnon, Minister of Trade and Commerce, enclosing a communication from the Hon. R. E. Ansley, Minister of Education for the province of Alberta; a telegram from Mrs. W. J. Wade, secretary of the Ontario Federation of Home and School Association; a letter from Mrs. R. V. Humphries, of the Saskatchewan Federation of Home and School; a letter from Mr. Walter Tucker, M.P., on behalf of the School Teachers' Federation of Saskatchewan. I have also a communication from Mr. J. M. Macdonnell, M.P., with reference to the sale of Fairmiles by the War Assets Corporation, suggesting that the matter be placed before the steering committee with a view to calling the officials before this committee at a later date.

All these matters, gentlemen, will be placed before the steering committee at a meeting which will be held tomorrow at 2.15 p.m. I understand that the announcement has already been made that the House will sit in the mornings next week. As a result we will require a motion giving us authority to sit during the sittings of the House. I asked the clerk to prepare such a motion so that we could present it in our report today or tomorrow. You know the regular form. Will someone make that motion?

Mr. HOMUTH: I move that.

Mr. BENIDICKSON: I second that.

The CHAIRMAN: Moved by Mr. Homuth, seconded by Mr. Benidickson, that such a report be presented asking for authority to sit while the House is in session. All in favour?

Motion carried.

We will continue with the witness who was before the meeting at adjournment on Tuesday.

Mr. MCIRAITH: Before you do that, if leave is granted by the House, as I presume it will be, is it proposed to meet at 11 o'clock?

The CHAIRMAN: No. If you will be good enough to allow that to be decided by the steering committee we will choose an hour which be more appropriate than the 11 o'clock hour.

Mr. REID: I was not here at the beginning of the last meeting, and I have one particular question I should like to ask either you or the witness. I notice these documents have on them the words "Secret and Confidential". I wish to know if they are to be secret and confidential documents because I thought that this matter was to be public property. I should like to know that.

The CHAIRMAN: I am glad you brought that up. I noticed those two words, "Secret and Confidential". I announced at the first meeting that as far as I was concerned as chairman everything that would take place before this committee would be of a public nature. That is my understanding with regard to all documents as well. Is that good enough?

Mr. REID: That is all right.

W. E. P. DeRoche, Assistant Counsel, Department of Munitions & Supply, recalled

The WITNESS: I might explain that the same stencils were used in cutting copies for the committee which were used in cutting copies for the Crown Assets Allocation Committee. In the Crown Assets Allocation Committee they are considered secret and confidential. That is why the words are on there. If I may, there are one or two additions and corrections I might make to what I said before. You recall I mentioned there was no transfer of chattels from department to department without payment. I am advised there is one minor exception to that. In making transfers of complete air fields to the Department of Transport it is the custom to transfer also the maintenance equipment such as snow plows and the other equipment so that they can have it available to maintain the field. I think that is the only exception to that rule.

It has been pointed out to me there are perhaps two or three other exceptions to the rule that all surplus Crown property is passed through the committee and the corporation. The Department of Transport obtained permission of the Governor General in Council to deal with their non-war lands—that is lands they have always had themselves—through their own department without going through this process. The officers administering the Veteran's Land Act also obtained permission to go on selling the lands they always have sold without going through this process. There are a few other very minor exceptions. One is the Post Office Department and another is the Royal Canadian Mounted Police. They were authorized to transfer discarded clothing to the Indian Affairs Branch without going through this process. That has been their practice over a period of years, and they were authorized to go on doing it.

By the Chairman:

Q. They were authorized by—A. By order in council.

Mr. SHAW: Mr. Chairman, are we to continue with the consideration of the War Assets Allocation Committee this morning?

The WITNESS: Crown Assets.

By Mr. Shaw:

Q. Crown Assets, I should say. If so, there is a matter I should like to have cleared up. Possibly if the evidence from last day had been available this would have been unnecessary. I want to get this clear. For example, the Royal Canadian Air Force may at any time have articles which are regarded as surplus to requirements, obsolete or worn out. Must they in every instance declare those to the Crown Assets Allocation Committee before disposition is made of them? I emphasize in every case.—A. By the way Mr. Shaw, in every case the declaration is to the Minister of Reconstruction. The Crown Assets Allocation Committee receive it on his behalf. To answer your question, that is substantially true in every case. The declaration must go forward except for the various minor exceptions which I mentioned. I think the only exception affecting the Department of National Defence is the right that they have to destroy what they consider to be dangerous obsolete ammunition, but aside from that everything must go through.

Q. Then the Crown Assets Allocation Committee will make a declaration, as I understand it, to War Assets Corporation of these surplus, obsolete or worn-out materials. Is that substantially correct?—A. They do not make a declaration. They refer the same declaration on to War Assets Corporation. The same declaration is passed on to the corporation for action.

Q. That is the same thing. Is that true in every case, or substantially every case?—A. All declarations of surplus are referred to the corporation with or without a priority direction as the case may require except in the case of real

estate which is required by some other government department. In that event, the committee makes a direct allocation from the reporting department to the requiring department and the asset does not go to the corporation at all.

Q. It would be correct to assume that the Royal Canadian Air Force or any other department of government does not on its own initiative dispose of equipment? It takes direction from some body before it disposes? What I am trying to do at the moment is establish responsibility for disposal.—A. I think you can go further than that. I do not think any government department disposes of anything. Disposal is by the corporation. The physical handling may be by the department but if so it is on the instructions of the corporation.

Q. That is what I am asking. The Royal Canadian Air Force, for example, in the act of disposal would be carrying out instructions? That is substantially correct, is it not?—A. That is substantially correct. Mr. Berry points out there is a technical fact there that makes a difference. In some cases the corporation requests the department to act as their agent. When the agent does an act I suppose it is the principal's act but I suppose the mental responsibility is the agent's. The technical fact is it is the act of the corporation—that is technically correct—but in those cases where the corporation has asked the department to act as their agent the corporation may not have any actual knowledge of what their agent did.

Q. That is interesting. I realize, of course, we are moving on into the War Assets Corporation. Sometimes it is very hard to keep from doing that. As I say that is extremely interesting. Do you not send forward a directive, so to speak, to any branch of government indicating the nature of disposal that is to take place? You are responsible and yet you are leaving it to the discretion of a branch of government to dispose?—A. Since we have got into it perhaps I should go a little further, but I think you are right. It is a matter for the corporation, but I think perhaps in fairness I should add this that the agency arrangements which are created are normally specialized arrangements, that is, so far as I know the corporation has never said to any government department. "Just go ahead and do everything on our behalf that you wish." In relation to a particular type of property they may say, "The routine way of handling this is so-and-so; go ahead and handle it according to that routine." I do not think there is any general agency that just says go ahead and do anything.

Q. Then I will leave it provided you agree that if a branch of government, let us say, the Royal Canadian Air Force, for example, disposes of certain equipment what it means in the final analysis is that the corporation must and can be held accountable for the act of that department of government?—A. Mr. Berry is saying no, but I think technically that is correct because the corporation is the principal involved. If you are speaking of moral responsibility it may not be correct because in the particular instance one was considering it might be that the officers of the corporation never heard of it, but they are technically the principal concerned. They may not have known what their agent actually did with a particular thing.

Q. I might as well point out definitely what I am getting at. It looks as if I am going to have to do so. The Royal Canadian Air Force at Penhold specifically indicate they have certain airborne equipment which is surplus to requirements. It was declared, so they said, to the proper authorities and instructions came back for them to dispose of this equipment. The indication is that the equipment was not inspected by a representative of War Assets Corporation before the order went forward to dispose of it. In that case, as the Royal Canadian Air Force stated, they were obliged to carry out instructions which came to them from the corporation. Am I correct in assuming, when I pursue it possibly a little later, that the War Assets Corporation are responsible technically and otherwise, morally if you like, for what took place in connection with disposal at that point?—A. I think I have gone far enough. As far as

the committee is concerned I do not think I should be asked to deal with specific cases. When you get down to specific cases the Crown Assets Allocation Committee has no idea what happened, and I think perhaps these questions should be directed to the officers of the corporation who dealt with the matter. By the way, I forgot to add one thing to what I said before. I am advised there is a typographical error in the statistical report. The last figure on the last page ought to be \$2,087,019.

By Mr. McIlraith:

Q. What page is that?—A. It is on the last page of the statistical report.

Mr. BENDICKSON: Is that item 700?—A. Yes, It ought to be \$2,087,019.

By Mr. Probe:

Q. I should like to ask Mr. DeRoche a question with respect to the recommendations made by the Crown Assets Allocation Committee to War Assets Corporation for the disposal of equipment declared surplus. Do they in making these recommendations, as enumerated in this schedule "D" that we have before us, take into account the fact that they have set up certain priorities? I think possibly this was covered the other morning, but I am not clear for the same reason that Mr. Shaw is not. We have not a transcript of the morning's proceedings. Does the Crown Assets Allocation Committee consider the possible needs of other government departments first, then of other governmental bodies and then the usual trade channel requirements, and so on? Is that the procedure by which the Crown Assets Allocation Committee makes its recommendations to War Assets Corporation?—A. Not quite so far down the line. The jurisdiction of the Crown Assets Allocation Committee as fixed by the Act has no relation to the requirements of government departments, provincial governments, municipalities and public bodies. In making these priority recommendations it does consider the needs of these people. When it has exhausted that list it has no further functions and simply passes it on to the corporation. Commercial priorities are the corporation's matter, not the committee's.

Q. In other words, you do handle priorities in the Crown Assets Allocation Committee?—A. Those priorities.

Q. Assuming, for example, that a public body was interested in certain of these materials which are in process of being declared surplus they would come to you and say, "Here, we want to be considered in the disposal of this equipment," and then based on that request of a public body you make the appropriate recommendation to War Assets Corporation in passing over the materials to them?—A. That is correct.

By Mr. Cote:

Q. If these public bodies should apply directly to War Assets Corporation could they claim any priority there without interference of the Crown Assets Allocation Committee?—A. The corporation and the committee exchange requests. That is, if a request from a public body reaches the corporation it would be forwarded to the committee. In addition to that the corporation act on the general schedule of priorities which the committee has laid down, namely, first, the dominion government; second, the provinces; third, the municipalities, and fourth, public bodies. So that if the store in question was already transferred to the corporation and they received a request they would act upon that priority. If the store had not reached the corporation it would refer the request to the committee so that appropriate direction could be attached when the store did go through.

Q. As a matter of policy a public body should not wait until a certain lot of surplus assets has been declared as such before making any request?—
A. That is quite correct.

Q. They might be too late to get their priority?—A. They might or might not be too late. They certainly should make their request at the earliest possible date.

By Mr. Reid:

Q. There are some questions I should like to ask. Looking over the report I notice that you have items on pages 6 and 7 where it says land leased from a certain estate and land leased from perhaps a provincial or other municipal body. Then if you look further you will see that the estimated cost of restoring the land is \$144. I take it that is to restore the land to its original condition. It is my understanding—and it is based on information given me—that the responsibility to restore land that had been appropriated or taken over for use by the Department of National Defence was the responsibility of that department. I am wondering how the responsibility of restoring leased land would come under your organization because the question of buying land would not be in the picture at all. The land is leased. It is taken from some individual or from some municipal body. I notice on page 7 you have the estimated cost of restoring the land at \$144. I think that requires some explanation.—A. The Act provides that the corporation may pay any sums required to restore to its original condition any property made available to the Crown. Under order in council 6204 in respect of the disposal of land which I outlined in the brief when leased land is reported surplus the committee may return it to the reporting department to wind up the lease. If so the reporting department will have to pay any moneys required to wind up the lease or the committee may refer the lease to War Assets Corporation in order that the corporation may have an opportunity to assign the lease if it is assignable or otherwise deal with it. If the corporation comes to the conclusion after investigation that they must surrender the lease and wind up then the corporation pays the sums which are required to be paid to straighten out the whole situation.

Q. I have in mind many cases. I am not bringing them before this committee particularly because I realize we are not dealing with individual cases, but I have a particular case in mind where some department of the government just moved in, appropriated land and altered it. I have one particular case in mind where an island belonging to a farmer was divided in two. They just walked in and divided it in two. They did away with his bridge, and interfered entirely with it. The responsibility there was that of the Department of National Defence for Air. We have been working with the Department of National Defence for Air. I am wondering when it comes to the settlement if it is going to be turned over to your department because I cannot see where you enter into the picture. You had nothing at all to do with it.—A. In the particular case you mention probably it will never come to the committee or the corporation, but it might. The normal situation is if you have a complicated arrangement between the department and the landlord, if there is no sellable asset, that is, if the leased land cannot be assigned or other things, and it is no good, then it is normally reported surplus and returned to the reporting department with instructions to make all settlements you have to make and wind it up. Probably you will find in your case you will go on dealing with the Department.

By Mr. Homuth:

Q. If there was any financial arrangement to be made it certainly would not come to you? It would be between the department and the owner of the land. You people would not have that?—A. That is not necessarily true. Consider this situation; some department of the Crown makes a lease of a substantial piece of land on a relatively short term and have built a \$2,000,000 building on it. In that situation it becomes a very serious question. Are we going to have to turn people down, give it to the landlord? Will he buy it? What is going to happen in that situation? There may be substantial recovery of the Crown investment. In that case it probably would be passed to the corporation and their real estate division would be asked to go and negotiate with the landlord and see what kind of a deal could be made. Mind you, the corporation would, of course, go back to the original department, get their files and find out the facts. They do not start in de novo.

MR. HOMUTH: I wonder if we could not make more progress in view of the fact that these two aspects of the matter dovetail so closely if we went ahead with whatever statement is going to be made in regard to the War Assets Corporation. Then you have the complete picture before the committee rather than starting on the questioning of a witness now on things that really come under the War Assets Corporation.

MR. PROBE: I have one more question on the Crown Assets Allocation Committee before that is done, if I may.

By Mr. Probe:

Q. I should like to ask the witness if the Crown Assets Allocation Committee makes any financial agreements with bodies to whom they recommend sales of equipment? I am thinking now of the case where you have recommended the sale of certain equipment by War Assets Corporation along a certain pattern, that is, you have decided that two or three Fairmiles shall go to the Quebec educational authorities. That was brought up in the House the other day. In making the recommendation as to the Fairmiles that they should go to the Quebec educational authorities do you at the same time recommend the financial arrangements as well, or is that beyond the scope of your department?—A. That is entirely up to the corporation. The committee merely recommends that so-and-so be done if a deal can be made; but the committee pays no attention to prices or values or such things.

Q. One more question following that, Mr. Chairman: You make a recommendation that certain surplus could go to a certain prospective purchaser because he has priorities. Do you go further to see that the priority is respected, or is that a matter for War Assets to argue about? For example, A is given a priority by the Act or board regulations and you recommend in the light of that and the fact that you have a request from A for this type of equipment that it go to A, and then after that has been turned over to War Assets Corporation, B comes along and gets the goods in question. Whose responsibility is it to see that the priority is respected? Is that the responsibility of War Assets Corporation or of the Crown Assets Allocation Committee?—A. There is no machinery, Mr. Probe, for checking back so far as any of us know the priorities suggested by the committee have been carried out by the corporation. We have never heard of any case where they violated them. Mind you, the priority is always subject to negotiated price. If the priority purchaser is not prepared to pay the price corporation thinks it can get, the prospective purchaser loses his priority.

Q. Of course, you are then going on the assumption that the long priority purchaser is willing to meet the price.—A. We assume the corporation is not gypping anyone and we have never heard of a case where they have.

By Mr. Michaud:

Q. Mr. Chairman, I should like to ask a question; what has been the policy of the Allocation Committee with regard to dishes used in military camps upon the winding up of the camp? Have you ever had to deal with any such petty little problems?—A. I do not recall that specific question ever having come up in the committee. I do not recall anybody ever having made any specific request of that type. It would of course fall under the general priorities.

Q. I will follow that question up by another one, if I may; has it been the policy of your committee to recommend the destruction of such dishes upon winding of camp?—A. The committee, Mr. Michaud, has never recommended the destruction of anything; except dangerous ammunition, possibly. That is not the function of the committee. Let us assume for a moment that the dishes should have been destroyed, that they are no good. The committee pays no attention to that, it merely passes it on to the corporation and says, here they are, you are the fellows to decide what is to be done with them.

Q. Another question based on the same facts; if in certain cases dishes representing considerable value should be destroyed, who should be blamed for it?—A. Well, I think that is the same story as Mr. Shaw was on. The corporation has the technical responsibility for their destruction. And now, in a particular case one would have to find out who was the man who decided that they were going to be destroyed.

Mr. BENIDICKSON: Mr. Chairman, there seems to be some head shaking going on. I think at this time we might hear from Mr. Berry, as to what he has to say.

The CHAIRMAN: I want to keep continuity as far as possible. The steering committee decided that we would hear the representative of Crown Assets Allocation Committee first and complete that hearing, and then go on with Mr. Berry.

Mr. BENIDICKSON: Mr. Berry is a member of the Crown Assets Allocation Committee.

Mr. DeRoche: I am taking my instructions from him.

The CHAIRMAN: If it is the desire of the committee to excuse the witness and go on with Mr. Berry, that will be agreeable to me.

Mr. HOMUTH: Is it not the case that we have cleared up the whole question as to how the Allocation Committee handles their affairs? Now we are starting to question witnesses on certain matters and we find those matters are not their responsibility, that they are only the machinery for the turning of the things over to the War Assets Corporation. Now, when we start questioning these witnesses we find that we are delving into something of which we have not heard the details as yet from Mr. Berry. I think as far as this committee is concerned we are pretty well through with the present witness.

Mr. COTE: You might perhaps put the question, Mr. Chairman.

The CHAIRMAN: I want to be fair to the other members of the committee.

By Mr. Benidickson:

Q. I was going to ask, Mr. DeRoche, I notice your schedule is marked "C, D and E" and refers to the period from October 19 to November 8; has that anything to do with the date of the meetings of the Allocation Committee?—A. Has it anything to do with what?

Q. Did you meet on October 19 and again on November 8; or is that just the period you have taken in making up your schedule?—A. Those were the meetings, Mr. Benidickson. This was prior to—mind you, the meeting was

probably not on November 8 but shortly after that—this is a monthly report which is prepared for submission to the committee, and this is the action taken by the administrative staff since the last meeting.

Q. So I would take it there would not be a meeting between October 19 and November 8?—A. Regular meetings are held once a month. I might explain, since you observed that Mr. Berry was shaking his head; what he wanted me to say; and I think you all know his policy on it now, on this question on destruction and so on; is that neither the committee nor the corporation can possibly take any responsibility for anything unless it has been reported surplus. And now, if somebody destroys something on their own without ever referring it surplus, there is not much responsibility which anybody in the surplus disposal agency can take.

By Mr. Michaud:

Q. If complaints should come to some of us that certain assets were destroyed, what would be the proper procedure for this committee to follow in finding out and investigating it?—A. The procedure I think should be, for example, first the question should be addressed to a representative of the corporation saying, did you destroy it, and if so, why. If the corporation said, no we did not destroy it, it has never been reported surplus; then I suppose the natural thing would be for you to apply to the people who had destroyed it and ask them why they did so.

Mr. SHAW: I agree with the witness. I believe his position is sound. I agree with Mr. Homuth, that we are running into difficulties where we deal with the Crown Assets Allocation Committee by itself. But there are certain matters which I believe should be dealt with. May I refer now to page 16 of this schedule, where you will see an item related to national defence (navy), where they disposed of cast iron scrap—the sale of 2.95 long tons of cast iron scrap No. 2, etc. I am not concerned about the 2.95 long tons of scrap iron, nor the estimated value of it, \$44.25. Disposal was made here by a department of government; that is what I was trying to establish earlier. If we are going to investigate War Assets Corporation, we want to know what to blame them for and what not to blame them for, if that become necessary.

Mr. DEROCHE: I think, if you want an answer to that specific question—

Mr. SHAW: No, it is the principle I am concerned with.

Mr. DEROCHE: Well, on the matter of the principle, the only answer I can make is this; that there are exceptional cases in which exceptional things are done. Now, we can get all the facts and find out what was done in this particular case. The principle involved is that it probably was a matter of only a small quantity of scrap in some outlying district. It could not be dealt with. We had no people there. Probably War Assets would have told these people, go ahead and sell it yourselves and report it surplus.

Mr. SHAW: That is the important thing, Mr. Chairman; to find out whether the corporation is or is not aware of the contemplated destruction by the department. That is the principle. If you give instructions, let us say to the Department of National Defence, because of extraordinary circumstances, then I am able to appreciate that situation; but in order to protect yourselves as a committee and as a corporation you certainly have to be aware of what is going on in the various branches of government, otherwise your position becomes utterly impossible.

Mr. LALONDE: Pardon me, Mr. Chairman; I understand that in the case of this type of equipment that must be destroyed, that cannot be carried as surplus—in the case of equipment of that type whose responsibility is it, the committee's or the corporation's?

Mr. SHAW: What I am getting at is the securing of the existing rules and regulations as known to the corporation. We need to know the principle on which they are operating.

Mr. DEROCHE: The question of principle, Mr. Shaw, is perfectly clear; no government department can sell, destroy or dispose of any surplus Crown property without consultation with authority from, directly or indirectly—it may be under some general authority, but some authority from the committee or the corporation. And now, that is unquestionably the principle.

Mr. SHAW: I am satisfied with that statement.

Mr. REID: One question which arises in my mind is this, Mr. Chairman. If we are dealing with the principle of this thing. I notice some of the items appearing in this schedule are 20,000 blankets, and so many beds; it says, sold after consultation with the Newfoundland government. I can understand buildings being sold after consultation with the Newfoundland government, for the life of me I cannot understand why things like beds and blankets and so on should be so sold, particularly when in this country there is such a tremendous demand for beds and bedding, and all kinds of things. I think these things should be brought back here to Canada and made available to our own people. There is some question in my mind as to why in the case of blankets, beds and bedding material it has to be sold after consultation with that government. As I see it, such action is not necessary.

Mr. DEROCHE: I think if you will read the directive you will find that it says, if it is to be sold in Newfoundland it must be sold by consultation with the Newfoundland government. There is no directive that it must be sold in Newfoundland. It may be brought back to Canada and sold. The reason for the directive being there is this, it applies to practically all Crown owned properties there, that the material in Newfoundland was imported free of duty on the basis that it would be taken out after the war. As a measure of co-operation with the Newfoundland government a standard priority was laid down that if they were sold to anybody in Newfoundland we would only do so after speaking to them and clearing this matter of duty. There is no directive that it must be sold in Newfoundland.

Mr. McDONALD: Following up what Mr. Shaw said on this item of the 2.95 long tons of cast iron scrap (that is on page 16 there) there is the note under disposition recommended, "no specific direction". Turning over to page 17, there are two items there; Crown owned capital assets at LaCorne Project, the Wartime Metals Corporation, LaCorne Molybdenum Project, Val D'Or, P.Q., amounting to \$445,681.88; and the following item, inventory as supplies on hand at LaCorne Molybdenum Project, July 15th, 1945, \$38,595.65—and with respect to each of these items there is this same comment, "no specific direction". I can understand that at the first instance there, where the amount is small, only \$44.25, but in this instance where there is such a large amount involved, why "no specific direction"?

Mr. DEROCHE: Because, Mr. McDonald, the committee is only concerned with priorities for government departments, provincial governments and public bodies. May I say, so far as the committees knew, there was no public body interested in the purchase of these assets, and accordingly they are transferred to the corporation to deal with as they see fit.

Mr. HOMUTH: And get the best price they can for them?

Mr. DEROCHE: That is correct.

Mr. LALONDE: Another thing I want to get clear is this, where we have to deal with specific cases of the destruction of certain types of equipment and that destruction falls under the jurisdiction let us say of a certain department, under our terms of reference would we be debarred from calling in witnesses

from the specific departments concerned to explain why it was decided to destroy equipment of the type involved. Is our reference sufficiently broad to permit us to do that?

The CHAIRMAN: My answer, Mr. Lalonde, would be: yes, we have that power.

Mr. LALONDE: All right, I am satisfied.

Mr. SHAW: May I make it clear that I am not concerned about specific cases of that character. I am not asking that any specific matter be investigated at all.

The CHAIRMAN: Thank you, Mr. Shaw.

Mr. BENEDICKSON: We have been given here certain schedules, D, E. and F; also a statistical report. I take it that these are schedules of similar material which has been submitted to the Crown Allocation Committee's meetings. What are A, B and C, for instance?

Mr. DEROCHE: May I say in the way of explanation there that schedules A, B and C were exactly the same as to content. They were intended to have come before our meeting of October 19, but I think the meeting of October 19 was never held, and for the meeting of November 8 we wanted a complete new schedule and on the top of schedules A, B and C would be inserted D, E and F.

Mr. BENEDICKSON: In other words, we have here a picture of all the standard schedules that were to have come before the meeting?

Mr. DEROCHE: That is right. There are three schedules to come before each meeting; and A, B and C were just prior to the meeting which was not held—as a matter of fact, we simply brought the material schedule that was prepared for the last meeting here in exactly the form it was.

Mr. BENEDICKSON: Now, in the matter of policy in the disposal of certain types of equipment, I think you included in that a reference to machine tools, that they were sold with certain restrictions on their use by the purchaser. Can you give us an illustration of what was involved there and why the restrictions were so placed?

Mr. DEROCHE: The sales subject to restrictions were the sales of machine tools before they were reported to us as surplus Crown assets; that is, when the manufacturer had them in his possession and was using them on war work, while he was still using them he came to us and said, and now I am working on my postwar plans and I want my position to be clear and I would like to buy these tools at the present time, and I would be glad to buy them subject to restriction that they must be used on war work as long as they are required on war work.

Mr. BENEDICKSON: That is the only type of restriction that you are aware of?

Mr. DEROCHE: Well, there is a moral restriction. They are supposed to be sold only for the use of the purchaser. They are not supposed to be sold for re-sale. Our legal officers have advised that it is impossible to make that a condition, as a matter of legal procedure, but an endeavour is made not to sell to anybody who is likely to hold them for re-sale. I am speaking of machine tool manufacturers, for instance; he is supposed to be buying them for his own use.

Mr. COTE: But once delivery is made and possession is taken there is no control over them, there is no way of ensuring that he does not use them for re-sale.

Mr. McILRAITH: That is a matter of law, is it not?

Mr. DEROCHE: Yes.

Mr. COTE: Then, as a matter of fact, there is nothing by way of legal restriction, although there may be somewhat of a moral obligation on the part of the purchaser to abide by that restriction. The intention is that the man shall buy them for his own use and not for speculative purposes.

Mr. BENIDICKSON: Could we not take care of that angle of it by inserting a provision for a penalty being imposed if the property were not retained by the first purchaser?

Mr. DEROCHE: I am speaking only of machine tools. The legal officers have advised that such a restriction cannot be put into effect, cannot be imposed; once title to the property passes, ipso facto, no condition or penalty attaches.

Mr. HOMUTH: That again comes under the War Assets Corporation. We are getting away from the Crown Assets Allocation Committee.

Mr. COTE: I would suggest, Mr. Chairman, that we follow the suggestion of Mr. Homuth and that you put the question to the committee, if we are through with Crown Assets.

Mr. BENIDICKSON: Mr. Chairman, I have one more question arising out of the brief. I observe that you have provided a definition for "public body", and as defined by the Crown Assets Allocation Committee I think you said that that included hospitals, schools; and then you used the words, Boy Scout and other organizations. I would like to know in some detail all of the organizations of that nature that so far have been classed as public bodies.

Mr. DEROCHE: I guess I did not make myself clear, Mr. Benidickson. I said, the Boy Scouts organization is not included in our definition of "public body".

Mr. BENIDICKSON: Could you just read back that part of the brief then?

Mr. DEROCHE: I will read it again: the definition framed by the committee was this, that a public body be tentatively— and "tentatively" was put in there deliberately because of the difficulty of defining—be tentatively defined as a tax-supported public body or non-profit institution, such as a hospital or a school; and then a rider was added to that, that War Assets Corporation give special consideration to requests from organizations such as the Boy Scouts organization which were not public bodies within the above definition.

Mr. BENIDICKSON: We could ask War Assets what their practice is.

Mr. DEROCHE: Yes.

Mr. REID: I have one further question I would like to ask, Mr. Chairman: to what extent does the corporation go in regard to the valuation set by the various departments on items offered for sale? I have in mind a 1942 model Ford against which there is shown here an estimated value of \$250. I would like to get one myself at that price—that item appears on page 50—\$250. for a 1942 model Ford. Did your corporation check up that price to see that it was a just and equitable price?

Mr. DEROCHE: You will have to ask the corporation, Mr. Reid. These figures are the figures which are requested on the reported surpluses. We request when reporting surpluses to the committee that the original cost be shown, and that if possible—you will notice in checking it up that in many cases it is not possible—that if possible the estimated value be given. That is requested by the committee because it was felt that it might be of some use to the corporation. As to how much assistance it has been to the corporation you will have to ask the corporation.

Mr. REID: I will wait until later for that then, Mr. Chairman.

The CHAIRMAN: I am taking it for granted that it will be in order to excuse the witness and now call on Mr. Berry. Before calling on Mr. Berry I am going to make this suggestion to members; in respect to specific questions it is quite possible witnesses will not be able to answer them immediately. I have

the assurance of this witness (Mr. Berry) and I have a similar statement from other witnesses who will be appearing before the committee, that they will get you the answers to all your questions for the sitting following the one at which they are asked. Therefore, with a view to saving time, I suggest that you be specific in the wording of your questions, and you will have your answers as directly as possible at the next following meeting.

Mr. PROBE: Are they to be given orally or put on the record?

The CHAIRMAN: You may put them on the record.

Mr. SHAW: Does this conclude matters relating to the Crown Assets Allocation Committee, are we through with them?

The CHAIRMAN: No. No.

Mr. SHAW: I just wanted to be sure about that.

The CHAIRMAN: As a matter of fact, I have asked those gentlemen to be in constant attendance until we have concluded with both the Crown Assets Allocation Committee and the War Assets Corporation.

I will now call on Mr. Berry: who I understand is the president of War Assets Corporation.

Mr. J. H. BERRY recalled:

The WITNESS: Mr. Chairman, before I start; at the last meeting mention was made of copies of briefs in sufficient numbers to make available to each member of the committee. We were not able to prepare our brief in connection with the Crown Assets Allocation Committee in sufficient numbers of copies but I have copies of the brief being presented to-day, and perhaps you would care to have them distributed.

The CHAIRMAN: Thank you.

Mr. McILRAITH: It might be helpful to the committee if I pointed out that the other day I tabled the annual report of War Assets Corporation. I would, however, like to call attention to the organization chart. You will note that the report is up to March 31, 1945, and that the chart is out of date, the one which appears as the War Assets Annual Report.

Mr. HOMUTH: Mr. Chairman, Mr. Berry has a throat infection. This appears to be quite an extensive brief and I was just wondering if somebody could assist Mr. Berry in the reading of it.

The CHAIRMAN: Mr. Berry says that if he finds the reading hard on his throat he has arranged to have someone assist him in the presentation of his brief.

Mr. BERRY: I would rather like to assume my share of the duties, and if my throat holds out I think I should like to present it personally.

The CHAIRMAN: Proceed, Mr. Berry.

Mr. BERRY: Mr. Chairman and gentlemen: subject to your concurrence, I propose to present to you a picture of War Assets Corporation, and of its predecessor War Assets Corporation Limited, by means of briefs and statistics, each report to be presented by the executive of the corporation having the greatest knowledge of the facts.

Unfortunately, there have been quite a number of changes in the top personnel of the corporation, and certain questions may arise which the executive presenting the report will be unable to answer immediately, due to the matter concerning which information is required having been dealt with either by another member of the corporation or a late member.

I also propose to refer to some of the difficulties the corporation faces and has met in relation to senior personnel, in particular, in the course of this report.

Again, Mr. Chairman, subject to your concurrence, I have arranged to present to you a general picture of the corporation under the subject of Administration, organization and policy, with executives following to present details of operations as follows:—

Sales—Mr. F. O. Peterson. I might explain here that Mr. Peterson is a vice-president and secretary of the corporation, but at this time he is the senior member of the corporation having knowledge of the corporation's past sales policies, the original senior members of the sales Department having resigned to take up duties with commercial organizations.

Land and Buildings—Mr. G. H. S. Dinsmore, director of the lands and buildings department.

Finance—Mr. L. A. Brooks, comptroller.

Supply Department—Mr. H. R. Malley, vice-president in charge of supply. Mr. Malley joined the corporation on August 15, 1945, and the functions of the supply department started October 1, 1945.

I should like to add there that Mr. Malley is in the hospital at the moment and it is quite likely he will not be able to present his own brief.

Personnel—Mr. C. T. McKenzie, director of organization and personnel.

Secretary's Dept.—Mr. F. O. Peterson.

War Surplus Branch—now the Ottawa branch of the corporation—J. H. Berry.

To present my own report on administration, organization and policy, I believe a brief review of the corporation's history may be of assistance.

Official action, as part of the program of reconstruction, begins with order in council P.C. 9108 dated 29th November, 1943, providing for the setting up of machinery to deal with the disposal of surplus war assets owned by the government, "in such manner as will cause the minimum of dislocation of the economic structure of the country." This order in council provided for the establishment of an interdepartmental committee, Crown Assets Allocation Committee, and the creation of War Assets Corporation Limited.

Under the authority conferred by this order in council, a company was incorporated—War Assets Corporation Limited—under the Dominion Companies Act by letters patent dated 8th December, 1943, with an authorized capital of \$5,000,000, divided into 50,000 shares of no par value, of which 2,500 shares were issued for an amount of \$250,000.

With the exception of the directors' qualifying shares, the issued stock was held in the name of C. D. Howe in trust for His Majesty the King in right of Canada.

Directors and officers of the corporation were duly appointed, a head office was set up in Montreal, P.Q., and the corporation, under date of 6th January, 1944, entered into an agreement with His Majesty the King in right of Canada, which provided mainly as follows:—

The Company agrees to receive, take possession of or accept the custody or control of, as the case may be, all surplus Crown assets (as defined in order in council P.C. 9108) from time to time consigned or transferred to it by or under the authority or with the approval of the governor in council or the minister, and to hold, manage, operate, dispose of or deal in such surplus Crown assets, and any other property, assets and rights from time to time held by or under the control of the Company, for the account and benefit of and as agent for His Majesty,

subject always to such general or specific conditions or instructions as may from time to time be given to the Company by the governor in council or by the minister.

Subject to any such conditions or instructions as mentioned previously, the Company may:—

convert or cause to be converted back to basic materials, withhold or cause to be withheld from Canadian or world markets, sell or otherwise dispose of or cause to be sold or otherwise disposed of,

any property, assets or rights for the time being and from time to time held by it or in its custody or control the whole in such manner and upon such terms and conditions as the Company may decide.

In exercising the powers or carrying out the duties conferred or charged upon it by this agreement, the Company shall have regard to the necessity of dealing with surplus assets owned by His Majesty in such manner as to cause the minimum of dislocation of the economic structure of Canada and, following the cessation of hostilities, so as to assist in the orderly transition to a peacetime basis of production of industries which during the war period have been wholly or substantially engaged in production for war purposes.

The corporation continued to function until 12th July, 1944, when its charter was cancelled with the establishment of the present Crown company. During the period of operation, the gross sales of War Assets Corporation Limited amounted to approximately \$386,000.

In the order in council setting up War Assets Corporation Limited, it was stated that a bill would be presented at the next session of parliament providing legislation to replace the order in council. This action was taken, and in June, 1944, the Surplus Crown Assets Act was passed, and in accordance with the terms of that Act, War Assets Corporation was established on 12th July, 1944, and as of that date took possession of all property and assets of, and assumed all the obligations and liabilities of or incurred by War Assets Corporation Limited.

Under the Surplus Crown Assets Act, the procedure for the disposal of surplus crown assets is laid down. Responsibility for the disposal of these assets is vested in the Minister of Reconstruction. The minister carries out these functions through War Assets Corporation and the Crown Assets Allocation Committee.

I believe, on good authority, that you have been informed of the duties and responsibilities of the Crown Assets Allocation Committee in some detail, and therefore, I will only restate the broad functions of the committee, namely:—

to recommend to the Minister of Reconstruction broad policies to be followed in the disposal of surplus;

to act as the administrative body, on behalf of the Minister of Reconstruction, in the matter of receiving and processing surplus reported in accordance with established policies; also in the matter of receiving requests for surplus from federal government departments, provincial governments, municipalities and public bodies, so that applicable priority notations may be made in regard to suitable surplus when reported.

It should be noted that no Crown owned materials or properties are surplus until such time as the department or agency in whose custody they are, reports them as surplus to their immediate or known future requirements. When property is so reported, and not before, the disposal organizations become responsible for continuing action. I consider this point worth emphasizing, as

the corporation is generally credited with having for sale any visible material which is in use by or in reserve or in storage for the use of other government agencies. This, of course, is not correct.

Upon War Assets Corporation falls the task of deciding how the physical disposal of surpluses will be undertaken, of establishing the price structure of sales and the channels through which sales will be made, providing always that such operations fall within the broad policies prescribed from time to time. It is the sole final disposal agency for Crown owned surplus in the custody of federal government departments or agencies classified as departments. The corporation is a Crown owned organization, but is subject to the applicable laws and regulations in respect of its operations in a similar way to any privately-owned corporation or company.

At this time may I refer to my own appointment. I was elected to the board and appointed president as of 12th of July of this year. On taking over, I found that the corporation, as a result of the experience it had gained during the comparatively brief period of its existence, had been constantly engaged in endeavouring to effect improvements in its system. The magnitude and complexity of the problems involved had been increased when the fighting in Europe came to an end, and it was apparent that further important expansions would have to be effected with the least possible delay. The reorganization deemed necessary had barely commenced when V-J day brought an enormously increased volume of surpluses which had to be handled concurrently with the loss of existing personnel and the introduction of additional newly appointed personnel and substantial changes in procedure. This reorganization has made good progress, but I would ask the committee to keep in mind that while every effort will continue to be made to complete it as quickly as possible, there is necessarily much still to be done.

To illustrate this point, I would mention here that gross sales for the first six months of 1945 totalled approximately 13 million dollars, while gross sales for the past four months have totalled approximately 23 million dollars. To build up the organization and at the same time increase sales to this extent is no mean effort on the part of the corporation, and the expansion in sales volume must increase at a still greater rate if we are to achieve our objectives.

In view of what I have said, I propose to deal briefly with the organization of the corporation; firstly, as it was on the 12th of July, and secondly, as it will be under the new set-up.

On the 12th of July, 1945, the corporation was operating with a president and a headquarters executive group, and a sales and service organization. Six specialized sales divisions had been set up, with chiefs of divisions each responsible for his specialized activities, namely, real estate, consumers goods, durable goods, mechanical, aircraft, steel. Under a director of services, there were three divisions, namely, construction and engineering, warehousing and traffic. Division chiefs were located at the headquarters of the corporation in Montreal. Within the divisions, there were numerous sections, each under a section head.

Branch sales offices, twelve in number, had been established in:—

Halifax
Moncton
Montreal
Ottawa
Toronto
London

Port Arthur
Winnipeg
Regina
Calgary
Edmonton
Vancouver

In addition, the corporation had an agency in Newfoundland, a representative in the United Kingdom, and contacts in the United States.

The new headquarters organization, in addition to the necessary administrative officers, provides for a vice-president and general manager, with a breakdown of operations under him, as follows:—

Vice-president in charge of supply
 Vice-president in charge of merchandising
 Director of lands and buildings
 Director of overseas operations
 Director of personnel
 Director of publicity

The two major departments are, of course, supply and merchandising. I would like to say a word about their functions, although they will be gone into in more detail by those concerned.

The supply department is now in operation under the direction of Mr. H. R. Malley, who was recently appointed vice-president in charge of supply. Under Mr. Malley there is a supply manager. Directly reporting to the supply manager are six main divisions, namely:—

Procurement	Reclamation
Clearance	Traffic
Warehousing	Security

The "field" operations will be divided into regions, each of which will be under the supervision of a regional supply manager. In matters of functional direction, the staff of the regional supply manager will, in practice, receive instructions from the interested departmental officials at headquarters.

The regions referred to above will cover the following territories, with regional headquarters located at the cities indicated.

Nova Scotia, N.B. and P.E.I.	Moncton
Quebec and Ontario, east of and including Cornwall and north to Montebello	Montreal
Ontario, west of Cornwall but not including the portion of the province west of the Great Lake including Fort William and Port Arthur	Toronto
Manitoba and Saskatchewan and that portion of Ontario west of the Great Lakes including Fort William and Port Arthur	Winnipeg
Alberta and British Columbia	Vancouver
Operations at Prince Rupert will be under the direction of Head Office.	

I think I might add here that this is the first setting up of the organization. There is nothing fixed about these divisions, and depending on the development as we go along those regions may be changed.

The responsibility of the supply department, both at Headquarters and in the field, is to receive and classify, protect, store and ship all Crown assets which are declared surplus under the Act.

It is in reality designed to fulfill the principal functions of a manufacturing and purchasing section in a commercial organization, the difference being that War Assets Corporation does not specify what goods it desires to manufacture or to purchase for resale but rather is compelled to receive goods without option. It follows, therefore, that the supply department must be able to receive these goods, find out what they have got, and then turn them over to the merchandising department, properly described, to permit orderly selling.

As to the merchandising department, prior to reorganization the sales division was dealing with all functions in relation to the warehousing, categorizing, pricing and selling of surplus. All surplus was first routed through the head office, and then, after proper scrutiny, was referred, in some cases, to the branch offices for sale.

This appeared to create a decided time lag, and left the branches acting as distribution outlets only for that surplus referred to them. In view of the greatly increased volume of surplus which we realized would descend on the corporation following V-J day, the reorganization of the sales division into the merchandising department, with sales as its prime function, envisaged a decentralization program, which would permit of each branch selling surplus within its territory, with head office prescription policy, price, and redistribution of the surplus to all branches should the surplus exist in such quantity to be what might be termed of national significance.

It is envisaged now that the new merchandising organization will therefore break down into five main divisions, each under a senior executive, but all responsible to a vice-president in charge of merchandising. These divisions will be:—

- (1) A pricing and distribution division—to ensure uniform and correct pricing and to redistribute surplus if the quantity at any one point warrants, or if the surplus cannot be economically sold in the area in which it exists.
- (2) A procedure division—to ensure common approaches to problems.
- (3) A head office sales division—to deal with capital goods, it being considered that capital goods such as ships, airplanes, machine tools, should be administered through a central point.
- (4) A sales managers division—to control and co-ordinate all branch offices.
- (5) An export division—to deal with surpluses not required in Canada that can be sold in foreign markets.

The merchandising department will have an arrangement in regard to regional branches similar to the supply department to which reference has already been made.

As we were only able to discover a suitable man to fill the post of vice-president in charge of merchandising early this month, I am afraid he is not yet in a position to prepare a complete report for this committee on his detailed plans, but the foregoing will, I hope, illustrate the basic sales organization we propose to build up.

As regards personnel, while no specific difficulty is experienced by the corporation in engaging personnel in the lower salary brackets, we do suffer considerably from a high turnover due to employees obtaining permanent posts with commercial organizations. This trend seems difficult to counteract, and I need not stress that such a turnover is an expensive and disorganizing factor in any business.

As regards senior executives, we are having the utmost difficulty in obtaining the services of men qualified to hold senior positions, in a business which is now dealing in millions of dollars a month. Most men of the calibre required are already employed by commercial enterprise or are snapped up by commercial companies when available. It does not appear possible to borrow these men as was done during the war period. I think I must say that the men remaining with the corporation and those having joined the corporation since my own appointment are mainly staying with the job from a sense of public duty and a desire to see the job through.

Now to mention Surplus Disposal Policies:—

Although particular policies as they affect the operations of the corporation will be dealt with by the officers directly concerned, I would like to say a word in regard to the policies which generally govern the corporation's activities.

In the first place, as you know, the exercise of powers by the Corporation is subject to the general or specific instructions of the government through the Minister of Reconstruction, to whom, under the Act, it reports. The broad policies under which the corporation operates are set by the government. Consequently, any such policy, until duly revised or amended, must be followed by the corporation.

There are, of course, some who would be willing to have the corporation disregard its obligations. I refer to those who press for special privileges which they endeavour to obtain sometimes in devious ways. They appear to consider that specific requirements should be met regardless of how their requests may conflict with established policy or who else may be adversely affected thereby. Such representations take up much of the time of senior executives who have a full time job without this added work.

Could I ask permission for my voice to speak?

The CHAIRMAN: Yes.

Mr. DEROCHE:

General policy now governing the operations of the corporation and as reduced to nine cardinal points was made public by the Minister of Reconstruction in October, 1944, follows:—

First: today, when goods are scarce, to sell all saleable surpluses at existing market prices, but within ceilings set by the Wartime Prices and Trade Board.

Second: later, when the war ends, and surpluses become so great that they might constitute a danger to the transfer of industry from war to peacetime production, and to the rapid employment of labour, to control the flow of such surpluses so they will create the least possible disturbance to the normal economy of the nation.

Third: at all times to make every effort to control the price to the public, and to reach the public by the shortest feasible route.

Fourth: to keep out of unfair competition with established business.

Fifth: to seek expert advice, from industry, on price levels and marketing methods, but not to act on such advice at the expense of public interest.

Sixth: to distribute sales uniformly across Canada.

Seventh: to sell abroad, in harmony with other governments who are faced with the same problem, everything that becomes available abroad and that can be sold there.

Eighth: to keep out the speculator.

Ninth: to recover for you, the taxpayers of the nation and the original investors in those goods, the largest cash return upon your investments possible without interfering with the eight cardinal points just mentioned.

The basic objective is to dispose of Crown owned surplus capital assets, stores and materials arising from the war in such a manner as will be of the utmost benefit to the national economy of Canada. To achieve this objective, sales policy will vary as between types of surplus, and sales policy applied to any specific type of surplus will vary from time to time in accordance with the ability of the market to absorb the surplus, but all these sales policies must be within the cardinal points previously mentioned.

Dealing with particular matters affecting sales:—

Priorities

The Act does not contain any provision for mandatory priorities or preferences. However, in accordance with present policy, every effort is made to give priority of claim to:—

- (a) Federal government departments or agencies
- (b) Provincial governments
- (c) Municipalities
- (d) Public bodies in the order stated which have made specific requests for surplus items as and when available, always providing that the body having priority is prepared to meet the sales terms of the disposal agency.

A further priority outside the bodies listed above is made in respect of Crown owned industrial plants and equipment. Such priority of claim is established by the director general of industrial reconversion, Department of Reconstruction, after a study of the claimant's possible contribution to the economic welfare of Canada.

It does not, therefore, necessarily follow that, in the event of more than one offer to purchase being received, the highest bid will be accepted. Consideration of the use to which the plant or equipment is to be put may be a deciding factor; the priority granted, if any, will take this into consideration.

The priorities are administered within the corporation by a priority division which requires priority claimants to put in their claims in advance of disposal. Any surpluses received are then canvassed and the claimants are notified of the availability of such surpluses.

The necessity of giving effect to authorized priorities creates many administrative difficulties, and despite improvements in procedure that have been made, results in slowing up the surplus disposal operation. The present priority system, to be fully effective, calls for the following routine, and present complications as outlined:—

Routine is as follows:—

1. Requests to be sent to the Crown Assets Allocation Committee by all bodies enjoying priority rights. Such requests must be specific and give details of actual goods required, but this is not done in many cases.

2. The Crown Assets Allocation Committee to send the detailed request to War Assets Corporation after acknowledgment to the applicant and registration.

3. War Assets Corporation to establish a priority section containing a record of all such requests and keeps the record up to date as and when requests are filled.

4. War Assets Corporation to establish a clearing point within the priority section through which all reports of surplus must pass, so that any goods which have been requested under priority may be deleted from the general list for free sale.

5. Such goods as are deleted as in the priority section must then be offered to the applicant, in most cases inspected by the applicant, and if after inspection are acceptable to the applicant, negotiations as to price must be entered into. If the goods are not acceptable to the applicant either as a result of condition or price, then they are passed back into the stream for free sale.

Complications can be summarized as follows:—

1. Requests for priority are not specific, and generally do not provide sufficient detail. For instance, if a drill press is requested, then, to permit of suitable drill presses being offered, the request must state:—
 - (a) the type of drill, whether bench, pillar, or radial, etc., etc.
 - (b) the size of drill press, giving capacity, in drill size, etc., and other details depending on the type.
 - (c) the characteristics of the electric, etc.

From this example, it will be seen that the records on drill presses alone might amount to several hundred sheets.

As regards the operations required of War Assets Corporation to give effect to priorities, I believe the routine outlined previously will indicate, without further comment, that to operate effectively, all surplus reports and availability of surplus lists must pass through one central point for screening, must be amended as necessary, a terrific system of card or similar type records must be established, and altogether these would create such a bottleneck that the task of surplus disposal will and is being slowed up to an alarming degree. We are continuously working on this problem to find an answer, but so far, no really practical solution has been found.

As regards this slowing up, I personally think that if we are to dispose of our domestic surplus to the best advantage of the public, we must sell now while the market is starved, so that when normal manufacturing gets under way, the sale of surplus will not compete with new goods and so with employment; also, we will help to fill the vacuum in the supply situation and so assist in preventing a false boom and its subsequent evils.

I referred to decentralization under sales as being essential to doing our job efficiently and quickly. If the present system of priorities is not amended, then the decentralization cannot proceed.

I do not wish to indicate by the foregoing that to use priority of claim is not a desirable feature of our disposal program, but rather to indicate that, so far, no known answer is yet apparent to the administrative difficulties of such a scheme as applied to our operations.

Marketing

War Assets Corporation does, if requested, sell surplus in their possession directly to:—

- (a) Federal government departments or agencies;
- (b) Provincial governments;
- (c) Municipalities;
- (d) Public bodies, which term shall include all non-profit making organizations whose work is considered to be in the national interest.

War Assets Corporation does not, except in special cases, sell directly at retail to other than as specified in the preceding statement. In general, the policy adopted in marketing surplus has been to whenever possible take a course similar to that which the manufacturer of any such surplus would take in marketing his own merchandise and to use the channels which he would generally use. The alternative to this procedure would involve the creation of retail sales outlets by the government in sufficient number to provide national distribution, with the consequent head-on competition with established business, thus producing serious detrimental effects upon the reconversion of industry and the rehabilitation of labour in peacetime occupations, not to mention the problem of creating such outlets, in the time at our disposal.

An exception to the rule of no direct sales to consumers has been made in the case of trucks to farmers. As long as trucks are scarce, a limited number have been and will continue to be sold directly to farmers. Also, it has been the practice to sell second-hand goods and broken lots, which cannot easily be sold commercially, at public auction sales.

Individuals may make direct purchases of aircraft, real estate, ships and some capital machinery, following the procedure of commercial transactions usual in these specialized fields.

Price

In general, the corporation sells at the going market price, and maintains the Wartime Prices and Trade Board ceilings wherever applicable. The going market price is ascertained in various ways, such as:—

- (a) by reference to Wartime Prices and Trade Board;
- (b) by consultation with the trade concerned;
- (c) by appraisal, using in most cases outside valuers;
- (d) by calling for tenders;
- (e) by advertising and inviting bids.

Following this brief outline of price establishment, I have a few remarks regarding the sale price problems we meet from time to time.

It is sometimes contended by those who are interested in charitable or public service enterprises that the Corporation should *give* them war surplus materials for nothing, or at a cut rate. This the Corporation cannot do, as it is not in a position to measure, in terms of cold cash, the contribution made to the public welfare by public bodies or other agencies. All sales made to such agencies are at going market prices. The Corporation is in the nature of a centralized selling agency for the purpose of achieving orderly marketing. It owns nothing. It can give nothing away. It is, under existing government policy, a one-price organization.

Should any Federal Government Department or other Federal Government agency wish, for policy reasons or to meet an actual or implied obligation, to donate surplus goods or supply surplus goods at less than the going market price, then the Department or agency concerned must purchase the surplus required from the disposal agency and accept responsibility for the ultimate disposition of such surplus.

Original Cost

War Assets Corporation does not generally maintain data on original costs as part of the accounting of sales. In cases where information as to original cost is considered necessary or desirable, such information is secured specifically from the reporting Department, if obtainable. This policy has been adopted, as it is considered that in most cases the original cost data is of no value to the Corporation, there being no direct relation of going market price to the original cost. This again is due in many cases to articles being sold for uses other than for which they were made.

Surplus Disposal and Educational Institutions

Close liaison is maintained with Canadian Universities and Provincial Departments of Education with a view to making available to non-profit educational institutions, on a basis of indefinite loan (plus the cost of packaging and freight), certain material and equipment which has been declared to be non-commercially saleable but to have educational value.

I would terminate this report, Mr. Chairman, with a few general statements regarding our general operations.

The war surpluses with which War Assets Corporation is required to deal are comprised of thousands of items, including clothing, camp and barrack equipment, tools and materials used in wartime production, ranging from chemicals to steel and non-ferrous metals, and numbers of articles necessary in every type of industrial plant. To catalogue the variety of goods and material disposed of through the sales forces of the Corporation would require a large volume. For example, a breakdown of material and components cleared through the Aircraft Section alone entails the enumeration of approximately 20,000 items. The section devoted to Radar and Radio lists 5,000 separate classifications of items dealt with.

In consumer goods, the list of classifications is hardly less extensive. This division deals largely with the goods required by the individual personally and in the home, as well as the materials needed to build and equip that home. These are added to by the large list of items disposed of by the Metals, the Mechanical Transport and the Scrap Sections.

It should also be pointed out that the Corporation has to deal with not only surplus Canadian assets situate both in Canada and abroad, but also with surplus assets of the Government of the U.S.A. situate in Canada. It affects disposal not only domestically but also to foreign governments and UNRRA. Out of these many and varied activities, it will be apparent that problems arise daily of a complex and urgent nature for which there is no ready precedent and which demand the most consideration.

Gross sales by War Assets Corporation (including those of War Assets Corporation Limited) from the start of operations to 31 December, 1944, amounted to \$4,664,332.32.

Gross sales by months for 1945 are as follows:—

January	\$1,255,110.67
February	1,766,362.72
March	1,821,322.03
April	1,383,874.49
May	4,568,711.09
June	2,132,337.53
July	7,231,162.22
August	6,308,356.43
September	3,047,375.08
October	6,381,691.17
	<hr/>
	\$35,896,303.43

The Corporation is endeavouring to fulfill what it has been called on to do in accordance with the directions it has received. When the present reorganization is complete, I am hopeful that the efficiency of its operations will be materially increased.

Mr. STEWART: While hearing you present this brief, Mr. Berry, I could not help but feel that in the corporation you have a very considerable problem with regard to personnel. All of us want to see this corporation do a good job. I think the need for high class key personnel is abundantly clear, and I was wondering if you would like to tell us your views as to this personnel problem, and what can be done to correct it. For instance, what sort of a ceiling on salaries have you? Can you compete with commercial enterprises?

Mr. BERRY: I think I might answer that one by quoting my own case. I do not like to do this, but I think I must try and give the committee the best explanation possible. We are here building up a corporation. Our objective is—

The CHAIRMAN: Before you do that, may I suggest that instead of dealing with your own case you might give us that of the heads of the various departments; for instance, the names you have indicated on page 1 of your brief? We know their duties pretty well.

Mr. McILRAITH: I tabled something in the House yesterday on that, giving that information.

Mr. BERRY: Yes, that was a list showing the salaries of everyone receiving over \$4,000 employed by the corporation.

Mr. STEWART: If this gentleman doesn't mind, you are a pretty important man in the set up, Mr. Berry.

Mr. BERRY: If it is the wish of the committee: in my own case, for instance, I am president of War Assets Corporation. The corporation will be handling sales of a very complex nature: Our objective at the moment is \$10,000,000 per month. As you see, we are now up to a rate of, roughly, \$6,000,000 per month. In business—I will speak of the automobile industry because I know that better—the automobile industry is a business handling one type of product and it has all its policies relative to that product and they are all set, if the income in an automobile industry was turning over \$6,000,000 per month the president of that company would not be drawing down \$15,000 a year—and the same thing would apply following down from the president through the salary levels of executive positions—

Mr. HOMUTH: Did you say the president would be getting \$15,000?

The WITNESS: He would not be getting \$15,000; he would be getting sometimes considerably more.

Mr. HOMUTH: Yes.

The WITNESS: I must add to that, gentlemen; I am making no complaint about my own salary. I accepted my salary as was. I left it to be fixed as desired. On this job I am trying to do something.

By Mr. Stewart:

Q. Have you the power of setting salaries, including your own? —A. I have the power of setting salaries, subject to the approval of the minister; in any salaries over \$5,000.

Q. Are you going to get competent men at \$5,000, \$6,000 and \$7,000 for this tremendous job?—A. Personally, I would say, no.

Q. Do you not think it is very poor economy on our part for us to adopt a policy of that kind?—A. No. I think there is a further answer to this. The money side of it is one question. As to what salary range we should establish for this staff, I don't know, sir. That is one of the things on which we are now working.

Q. It is a temporary job?—A. It is a temporary job. The other two factors that work against getting personnel here is the fact it is a temporary job, and the better job we all do the sooner we liquidate ourselves. I do not worry about that, personally; but other people will worry about it.

Q. Would it be possible to get your men from industry as was done during the war?—A. I would say that is most difficult.

Mr. HOMUTH: Particularly now, in the reconversion period.

The WITNESS: You can say quite specifically that Canada is short of key men, and that all of this type of man are actively engaged by their own companies at the moment, with the reconstruction of their own companies, turning them back from war to peace.

By Mr. Cleaver:

Q. I suppose, Mr. Berry, these large corporations were willing and able to loan their men during the war, but now they have the peace demand for their key men just as we have a peak demand for men for War Assets?—A. In other words, during the war period the government actually took over some of the functions of officials, and as a result of that certain men could be spared from those businesses and loaned to the government. Now, the situation is reversed.

Q. We are now in the post war period and these industries have to gather up the loose ends, get their own organizations whipped into shape, to take care of consumer demands. Are there any industries such as the automobile industry where there would be such a limited supply of their products available for sale compared with the demand where you might, say, be able to pick up the odd man from their sales department?—A. I think I can answer that one this way: the corporation is faced not only with setting up machinery and men to handle the overall administrative picture, but we are also faced with the problem of having, I do not know how many complete businesses in themselves. We have one business which sells ships. We have a business which sells automobiles. Another business sells aluminum, brass and copper. And then we have another business sitting over here that sells something totally different. And another business here which deals with real estate. And, off the record you are faced with the problem of having to have senior executives who will run any one of these different types of businesses, and any one of these, again, is a big business in itself.

By Mr. McDonald:

Q. From your experience, could you form any idea as to the length of time this corporation will function?—A. Any opinion on time I gave you would be absolutely and purely crystal gazing, nothing less than crystal gazing.

By Mr. Cleaver:

Q. But you do know that it is very temporary?—A. We accepted it as temporary, it must of necessity be temporary. Whether the corporation's useful life will be one year, two years, three years, four years, five years—I would not hazard a guess.

By Mr. Cote:

Q. And the better you do your work the shorter will be the life of the corporation?—A. That is it.

By Mr. Shaw:

Q. May I ask Mr. Berry his opinion in respect to the alleviation of difficulties concerning staff if better salaries were offered would better men be available?—A. I would not like to answer that officially, but I would give you my own opinion in the matter; I do not think we could attract people with money. The men whom we require to do this job and do it honestly and properly are not the men whom you can go out in the street and buy, not under the conditions under which we operate, no.

By Mr. Cleaver:

Q. I have been wondering, Mr. Berry, if you have any suggestions to make whereby your task might be lightened if some changes were made in the present controls; first, in regard to these priority controls. I have heard many complaints from firms and individuals, who are not on the priority list who say that those firms who are on the priority list are taking advantage of their priority, especially in regard to the provinces. In regard to the priorities to the

provinces, do you restrict the provinces to exercise their priorities solely with respect to goods which the province will use as a province or are these provinces allowed to exercise their priority rights in order to have allotment of goods which they in turn re-sell?—A. We do not restrict our priorities to the provinces. We have no conditions attached to them.

By Mr. Homuth:

Q. Are there any such cases as the provinces purchasing from the War Assets Corporation for the purpose of re-sale?—A. I have not official record of that; but I believe the answer is, yes.

By Mr. McGregor:

Q. That is the procedure supposing you have some goods come in that the provinces—the federal government and the provinces have a priority—now, what is the procedure there? Supposing the federal government, or none of these bodies, have a request for that article; what do you do with it?—A. We offer it for re-sale.

Q. Do you offer it for sale to anyone else?

By Mr. McIlraith:

Q. Just following that question, when you offer for sale the provinces may come along and use their priority until the time the article is actually sold?—A. That is it.

Q. So that if it were sold by tender they could come along right up to the point of the acceptance of the tender and use their priority?—A. Yes.

By Mr. McGregor:

Q. The point I wanted to make is, you have a certain amount of goods with respect to which these provinces have their priority. If there is no order in from the provinces, then anyone else who comes along can purchase it, so that you do not hold it up for the priority?—A. If a province has a request in for a specific item, it is then offered to the province prior to being offered for re-sale. If the province does not take advantage of that offer then it is offered for re-sale.

Q. In other words, if there is no request from any of these priority holders, if anyone else comes along they may buy it?—A. Yes. But in the course of advertising for sale, if the province puts in a bid for that sale and there are 10 other private consumers putting in bids at the same time the province would have the first option to say, no, they did not want it.

Q. The point I want to make is this, that you do not hold anything there for priorities?—A. No. The delay comes in in getting all this stuff together and screening it to see what the priority requests we have before us.

Q. Because if you did you might hold some of the stuff there for 10 years waiting for someone with a priority to come and get it.—A. Yes.

MR. SHAW: I am completely convinced there has got to be a shake up in this priority question; and I am convinced further that this committee could do nothing better than direct its attention to that problem. I appreciate that the corporation is not overstaffed, but I take it that their chief problem at the present time is this question of priorities. It is necessary, I would be willing even to cast aside certain of these priorities for the sake of efficiency and so forth, and that is a thing which I believe will have to be done.

THE CHAIRMAN: Are you through, Mr. Shaw?

MR. SHAW: Yes.

By Mr. Cleaver:

Q. There is one other point about which I wanted to ask a question or two, and that is in regard to price control. Can you think of any real good reason why a price control should function in regard to the sale by the government of surplus goods?—A. I think, Mr. Chairman, the answer to that one is, if the government sees wise to set up laws to protect the people and take care of the country, ipso facto, you could not have a government agency itself breaking those laws because by doing so we would be defeating our own objects.

Q. Isn't the control there to protect the public, and to protect the government perhaps in regard to excess profits and the like? I cannot, Mr. Chairman, bring myself to think that it would be any great offence if the government of Canada did make every dollar they could make out of this, and if price control prevents you from holding auction sales and selling goods to the highest bidder—does not that slow up your work?—A. Actually, Mr. Chairman, the only place where we might be slowed up by the price ceiling is the checking with Wartime Prices and Trade Board, and I do not consider that constitutes any hold up at all. In most cases it is beneficial to us because it enables us to establish a rigid price for the article without having to go through a whole series of researches, and having it evaluated.

Q. But say you are holding an auction sale and you have three bidders willing to pay the price ceiling for a given article, then you are placed in a position of having to discriminate between bidders?—A. Not actually, Mr. Chairman. When we have an auction sale and there is more than one bidder and there is a price ceiling for the particular article we have an understanding. We put the names of the bidders in a hat, and the bidder whose name is drawn from the hat gets the order.

By Mr. McDonald:

Q. That is the procedure followed in the case of a sale of farm trucks, is it not?—A. Yes.

Mr. CLEAVER: Can you see any great harm in the government of Canada getting—

The CHAIRMAN: If I were not chairman, Mr. Cleaver, and if I were sitting around as a member, I would take exactly the opposite view to the one advanced by you. I would put it from the business standpoint, that you would be tearing down the whole structure and the whole principle of price control. I know many articles that were placed through the distributing centres with respect to which, if there had not been ceiling prices, manufacturers would have been completely at a loss to sell the next supply which they had to place on the market.

Mr. CLEAVER: I am directing my comments in regard for instance to tractors and motor cars, which the manufacturers are not at present in the position to supply.

The CHAIRMAN: The same principle applies throughout.

Mr. HOMUTH: If you did it with trucks and motor cars, then you would have to do it with everything else the manufacturer has to sell. If you are going to let down the price ceiling in one place you have to bring it down all over.

By Mr. Black:

Q. Before putting my question, Mr. Chairman, may I first compliment War Assets Corporation on their brief. I do not know anyone else who could have laid down a policy as good as he has outlined. I want to ask you in regard to the sale of machinery and equipment; in my town (Amherst) a large war industry has been closed down and those who are interested in obtaining some of the machinery used in that plant are having very great difficulty even in finding out when and if it is going to be disposed of, particularly the machinery

in which they are interested and which they require. These people are interested in setting up new, small businesses, and with them it is not so much a question of price as it is a question of getting possession of the machines.—For instance, sheet metal cutting machines, lathes, and finer equipment of that type. They happen to know that this machinery and equipment is being held in store at Amherst. What is the policy of the department with respect to making these special machines accessible to new industries so that they can get going and get going quickly? This equipment is as it were, held in bond, apparently it is being held intact, pending the disposal of the whole list.—A. In reply to that question, I have not got the facts with me this morning; but again, that question I think is best answered by saying that that is one of the administrative problems.

Mr. BLACK: I can hardly hear you.

The WITNESS: That is one of the administrative problems we are now faced with. Speaking from memory, our machine tool sales have gone up within the last six months from roughly \$300,000 a month to \$1,000,000 a month; and will increase at the rate we are able to create administrative machinery beyond \$1,000,000 a month and still handle the job efficiently and make sure the prices we sell these tools at is relatively sound, and see that the correct people get them to use them—that is one of our problems. What happened at the end of V-J day? Up to that time we had a flow of X machines coming in per week or per month. On V-J day it was not a flow of machines of X per month, it was a solid big gob of machines which descended on us. I cannot possibly have the administrative machinery to catalogue all these machines; as to what they are, where they are—we have to sell them openly. It may take me 12 months to get all these machines sold properly. It may take me two years.

Mr. BENEDICKSON: Just on this question of volume—

The CHAIRMAN: Would you mind? I would like to give Mr. Black an opportunity to carry through his question on that particular point.

Mr. BLACK: In my opinion this should be a comparatively simple matter. These people are starting small industries and they want special machines held by the Crown as stores. The Crown is not using them. Up to the present I have not been able to get any advice as to whether they are going to be made available to the people who are trying to get them. I refer to special machines which they require for their industry, and they are held in stores. What they want to know is whether they will be given preference, and if it is possible for them to buy these machines to carry on business. It is not so much a question of price as it is a question of getting the machines which they require.

Mr. DeRoche: I think I know the particular case to which you refer. That particular case has been receiving careful attention, and I believe at the moment it has been pretty well cleared and that most of the machines that are required have been sold. But these are being cleared as fast as possible. The problem in that situation is, as Mr. Berry says, with the administrative machinery, and finding out what tools are there and getting them available. This sale is not quite as simple as it seems to a person, where the machine is on one side of a street and the buyer on the other. On the face of it, it seems very simple, but perhaps some explanation would be helpful. Somebody has to make a list so we may know what is there, and we have many cases of this kind spread all across the country. When a particular case arises, such as the one about which you are speaking, an effort is made to speed the system up and find the answer in a particular case. I believe in your particular case the answer has been found.

The CHAIRMAN: Gentlemen, it is 1 o'clock; I do not know whether you wish to carry on any longer?

Mr. COTE: I just have a question or two. I tried to get your attention a while ago when we were discussing the policy of the corporation on priorities. I wish to make this point clear. Let us take the case of a province which would apply for the purchase of certain surplus equipment for use in a production field. Let us say that the province is actively engaged in some sort of production field. Would the priority work in a case like that where the province is coming into competition with private industry? Would they be allowed a priority on such surplus equipment?

Mr. BERRY: Under existing policies, yes.

Mr. COTE: Under existing policies, yes?

Mr. BERRY: Yes. The end use to which the province is going to put the equipment which it obtains under priority is not investigated by the corporation or the Crown Assets Allocation Committee.

Mr. PROBE: I will make this my last question.

The CHAIRMAN: It will be the last.

Mr. PROBE: The statement was made here that public bodies were bying certain equipment from War Assets ostensibly for the purpose of resale. I do not believe in that practice although I have certain objections to things that were stated here this morning with respect to policy where public bodies are concerned. That is as to excluding them from special preference. My own information is that public bodies are not receiving any particular consideration from War Assets, that is, priorities are not being made quickly available to them. I should like to have from the chairman of the War Assets Corporation a statement tabled at an early date as to the approximate amount of material purchased by the various provinces of Canada up to some cut-off date that would be convenient. Let us say the first of November or the fifteenth of November, whenever you can make it. I should like that for discussion purposes in the committee because I intend to have more to say about priorities at the next meeting.

Mr. BERRY: That is a request for a statement from the corporation of the value of materials sold to each province since we started selling, or since our records were set up that way?

Mr. PROBE: Yes.

Mr. COTE: Will you also remember my request to table the salaries of the executives of the corporation which we referred to during our discussion so that they will be printed in the report of the meeting?

The CHAIRMAN: Did you mean a full return?

Mr. COTE: More particularly those mentioned on the first page of the brief today.

The CHAIRMAN: Very well.

Mr. BLACK: When do we meet again?

The CHAIRMAN: I shall be able to announce that after the steering committee meeting tomorrow.

Mr. BLACK: What business will be before us?

The CHAIRMAN: We will carry on with Mr. Berry. I should judge from the attitude of the committee there will be a number of questions arising out of his statement. We will carry on with Mr. Berry until he has completed answers to all questions and then take up the next order of business as outlined at our first meeting.

Mr. CLEAVER: I move we adjourn.

The CHAIRMAN: We will now adjourn.

The committee adjourned at 1.05 o'clock p.m. to meet at the call of the chair.

Canada War Expenditures and Economies
Special Committee on 1945

CA1 XC 2
-45W12

SESSION 1945

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TUESDAY, NOVEMBER 27, 1945

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation;

Mr. F. O. Peterson, Vice-President and Secretary, War Assets Corporation.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945



ORDER OF REFERENCE

FRIDAY, 23rd November, 1945.

Ordered,—That the name of Mr. Castleden be substituted for that of Mr. Knowles on the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, November 27, 1945.

The Special Committee on War Expenditures and Economies met at 11:00 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Golding, Homuth, Isnor, Castleden, Jackman, Lalonde, Marquis, McDonald (*Pontiac*), McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*).

In attendance: Mr. J. H. Berry, President, and Mr. F. O. Peterson, Vice-President and Secretary, War Assets Corporation; Mr. C. Gavsie, General Counsel, and Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

The Chairman presented the Second Report of the Steering Committee as appears in the Minutes of Evidence.

The said report was adopted.

Mr. Berry was recalled and further examined. In answer to questions asked at the last meeting, he filed the following statements:—

1. Demobilization Circulars Nos. (1), (2) and (3) identified as follows:—

- (1) Instructions to local civil defence committees on procedure to be followed in respect of demobilization and the recovery, accounting for, and disposal of equipment.
- (2) Information for the local authorities of municipalities desiring to purchase equipment and supplies furnished by the Dominion Government for civil defence purposes.
- (3) Basic disposal prices of surplus civil defence equipment and supplies.

2. Consolidation of sales invoices—July 12, 1944, to October 31, 1945 (War Assets Corporation).

(Above statements printed as Appendices "A" and "B" of this day's Evidence).

Witness retired.

Mr. Peterson was called. He read a statement and was examined thereon.

At 1:00 o'clock p.m., witness retired and the Committee adjourned until Thursday, November 29, at 11:45 a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

November 27, 1945.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we have our quorum. The hour is reached for the opening of the meeting so I will call on the clerk to read the report of the steering committee.

The Clerk of the Committee:

The Steering Committee of the Special Committee on War Expenditures and Economies begs leave to present its second report.

Your committee had under consideration a request from Mr. J. M. Macdonnell, M.P., member of the Main Committee, submitted to the chairman in the following terms:

"I desire that the sale of the Fairmiles made by War Assets Corporation on the Pacific Coast should be investigated by your committee and for that purpose the proper officials of Wartime Assets on the Pacific coast be asked to appear before the committee."

In view of the fact that the Main Committee has already agreed to govern its procedure by first securing evidence on the general set-up and policies of the Crown Assets Allocation Committee and War Assets Corporation, your steering committee believes it would not be advisable at the present time for the Main Committee to break the continuity of its evidence by inquiring into any specific matter before having completed this first phase of its inquiry.

In this respect, your steering committee recommends that the examination of the President of War Assets Corporation, now proceeding before the Main Committee, be followed immediately by the examination of other officials of the Corporation as listed on page 1 of Mr. Berry's brief, beginning with Mr. F. O. Peterson, Vice President and Secretary of the Corporation, subject to any changes made necessary through unforeseen circumstances.

The steering committee had also for study and report a number of communications urging that surplus war equipment, useful for instructional purposes, be turned over to publicly supported schools without charge. Your committee is of the opinion that Mr. Berry, or another witness from War Assets Corporation, be asked to submit evidence regarding this matter.

All of which is respectfully submitted.

(Signed) GORDON B. ISNOR,
Chairman.

The CHAIRMAN: Gentlemen, you have heard the reading of the report of the steering committee. Are there any objections? Then I take it for granted that it is in order to proceed along the lines indicated.

The first witness this morning will be Mr. Berry, who will carry on from where he left off at our last meeting. I now call upon Mr. Berry.

Mr. J. H. BERRY, President, War Assets Corporation, *recalled*.

The WITNESS: Mr. Chairman, at the last meeting there were several requests made for information by members of the committee. Accordingly, I have, to the best of my ability, provided that information and now I would like to have it distributed to the members of the committee.

The first question asked was with respect to the details of prices charged for the disposal of A.R.P. equipment. I have a complete set of information for each member of the committee, and the documents are now being distributed to you.

By the Chairman:

Q. May I just inquire from Mr. Berry why the words "not for publication" appear in the upper right hand corner of this document? Does that mean anything? At an earlier meeting I stated that this was to be a public inquiry, so I am taking it for granted that the evidence produced here to-day will be of the same nature, notwithstanding the fact that it is marked "not for publication"?—A. I find myself in a bit of a spot in replying to that question. These data were issued by the Department of Veterans Affairs. I am afraid I am not in a position, Mr. Chairman, to say that this information is still not for publication.

As far as our corporation is concerned the matter is perfectly open. Here are the prices established by the corporation. I am sorry to have to present it in this form, and I am sorry that I missed the notation on the top of the section of which you speak.

By Mr. Reid:

Q. Is it not a fact that the dominion government handed over all civil defence equipment to the provinces for a set sum of money with the understanding that the provinces would, in turn, hand back to the civilian defence authorities, municipal and otherwise, the equipment which they had been using throughout the war and which had been purchased in the first instance by the dominion government? That is the information I received, Mr. Chairman, regarding British Columbia.

The CHAIRMAN: I shall be guided by the decision of the committee in respect to this, but personally, I cannot see any harm in placing this information before the committee in a public manner. It is evidence and we will likely print it as an appendix to the report as evidence. If so, it will be made public. I take it for granted that I am working along the lines already agreed to, and unless there be objections to the contrary, this will be dealt with in the regular way.

Mr. McLURE: Number 3 is not public property anyway.

Mr. CLEAVER: I think we should follow the procedure agreed on, that our hearings would be in public unless some good and valid reasons are given to the committee that the information should not be publicized. If the witness has any reasons, any departmental reasons, why it would be harmful that this information become public, I think the witness should state them and allow us to consider those reasons.

Mr. McILRAITH: I do not understand what the discussion is about. The witness has not suggested that this information be not published. He has merely said that the document was not provided by War Assets Corporation.

The CHAIRMAN: Yes, but read in the upper right-hand corner.

Mr. McILRAITH: Yes, but the witness did not suggest that it be not published.

Mr. REID: He indicated that he was not sure whether the publication should be made public or not.

The WITNESS: I believe my reply was that, as far as War Assets Corporation was concerned, there was no reason we could see why this information should not be published. I think, in courtesy to the Department of Veterans Affairs, that possibly a member of the War Assets Corporation might be permitted to approach them and to ask them if they have any objection. Personally I find myself in error in this matter in not having checked this, previously, with the Department of Veterans Affairs.

Mr. CLEAVER: If they have any objection, we could ask for their grounds and decide whether such grounds are sound or not.

Mr. REID: How does it come that we are discussing this particular phase of our deliberations? This document was handed to us for discussion. Why are we beginning to deliberate this right now?

The CHAIRMAN: The question was raised, at our last meeting, by one of the members of the committee, and Mr. Berry is supplying the information as requested. So, will you proceed, Mr. Berry.

The WITNESS: Mr. Chairman, if the Department of Veterans Affairs have any objection to the publication of this document, then I, in turn, will prepare a suitable War Assets Corporation document which will provide the information required by this committee. I used this document because we were rather limited for time in getting this information for the committee. Anything I can find to provide information I use to avoid spending public funds. I try to do it that way.

Mr. REID: I would suggest that this information be held by the members of the committee and that it be taken up later, after we have had time to look it over, and also after Mr. Berry has had time to find out from the Veterans Committee the procedure with respect to this information.

Mr. SHAW: I am afraid that we are going to get off on a side road before securing the complete picture of the organization of War Assets Corporation. I think we should hold strongly to the matter of organization to start with.

Some Hon. MEMBERS: Hear, hear.

(Discussion took place at this point off the record.)

The CHAIRMAN: Would the member who requested that information kindly state as to whether he wishes to pursue this subject further at the moment or would he allow it to be held in abeyance, to be answered later by Mr. Berry?

Mr. COTE: I would suggest, following the idea put forth by Mr. Shaw, that we should not lose any time, at this moment, by going into any particular inquiry, but that we should wait until the general statement has been made on the set-up of the corporation.

The WITNESS: I would like to point out that it was previously arranged that any questions which came up in the course of a meeting would be answered by me at the next meeting. I am trying now to live up to my contract in replying to the questions raised which I could not previously answer.

The CHAIRMAN: Would you go on with your next question please, Mr. Berry.

The WITNESS: The next question raised was as to the salaries of the men mentioned on the first page of my brief. The answer to that question is as follows: J. H. Berry, \$15,000 per annum.

By Mr. Reid:

Q. What is the name, Mr. Berry?—A. Berry, B-e-r-r-y.

The CHAIRMAN: If you would turn to page 39 of the evidence, the minutes of evidence No. 2, you could follow it better, perhaps.

The WITNESS: H. R. Malley, \$9,600 a year. F. O. Peterson, \$9,000 per year. L. A. Brooks, \$8,000 per year. C. T. McKenzie, \$5,000 per year. G. H. S. Dinsmore is on a fee basis, but the fees paid in any one year are not to exceed \$10,000.

By the Chairman:

Q. I wonder if Mr. Berry has a complete twelve-month period for Mr. Dinsmore?—A. I have not the figures here, but it is specifically stated that in any one twelve-month period the fee is not to exceed \$10,000.

By Mr. Marquis:

Q. On what basis is that to be figured?—A. It is the equivalent of a salary of \$10,000 a year.

Q. Is it part-time or full-time work?—A. It is full time.

Q. But what is the basis on which to get that \$10,000 if it is not a regular salary?—A. I am afraid I have not that information with me, but I think I can provide it at the next meeting.

Q. Is it on a percentage basis?—A. I am afraid I have not the details to answer that question, gentlemen, so I would ask your indulgence to allow me to supply that information at the next meeting.

By Mr. Reid:

Q. Are any of the various names mentioned what may be termed on loan from the various companies, or have they secured their severance from the various companies and are now under the employ of the corporation? It is an important procedure. Are any of the men still connected with companies and are on loan?—A. As far as I know, Mr. Chairman, all these men are employees of the corporation. Whether they have outside connections, I do not know, but they are employees of the corporation and they are paid a salary by the corporation on a full-time basis.

By Mr. Probe:

Q. You mean then that no one in War Assets Corporation receives a salary from any other department of the government or from a corporation, so far as you know?—A. I won't answer that question to say "All employees of War Assets Corporation". I should like to have notice of this question in order to check up on it. But these specific men whose salaries were requested at the last meeting, they are all full-time employees and are not receiving pay from any other source that I know of, other than their own private incomes, of which I would not know.

By Mr. Marquis:

Q. Is Mr. Dinsmore a lawyer?—A. He is Director of the Lands and Buildings Department of the Corporation.

Q. But what is his profession?—A. He deals in real estate. I do not know the name of his profession.

By Mr. Shaw:

Q. Why is this man not receiving a regular salary? Why is he carrying on on a fee basis?—A. I do not know that, Mr. Chairman. I had a discussion with Mr. Dinsmore last week and we are arranging to pay him on the basis of a regular salary probably effective January 1 of next year. I prefer to operate on a straight salary basis in all cases in order that there may be no complications.

Mr. SHAW: I was primarily concerned with the reason for its being based on a fee basis to start with.

Mr. CLEAVER: I suppose the basis was that if a man did not earn it, he would not get it.

Mr. SHAW: Yes, but you would have to determine whether the job was worth \$10,000 and what restrictions there might be to prevent a man from securing his \$10,000 each year. If the job is worth \$10,000, he ought to be paid \$10,000.

By Mr. Reid:

Q. I understand that the War Assets Corporation was set up under Letters Patent and that shares have been issued authorizing a capital of \$5,000,000. Is the corporation really operating as a company? Is there a profit and loss? Why is the issuing of capital necessary in the case of a Crown Corporation? I am not clear on that. Why should a Crown Corporation be set up as a separate company, or are you operating as a separate company?—A. There are certain legal reasons for that, Mr. Chairman. I am afraid that I am not in a position, personally, to answer that question, but there are other witnesses here who could answer that question.

Mr. CHARLES GAVSIE: The present corporation operates as a statutory corporation. It is set up by the Surplus Crown Assets Act. Unfortunately I have not a copy of the Act here, but I think it is around section 10 or 12 that sets up the corporation. Subsection 1 of section 10 says:

There shall be established a corporation to be known as War Assets Corporation. (2) The corporation shall consist of a board of not less than six directors appointed by the minister with the approval of the Governor in Council. (3) The corporation shall be a body politic and corporate having capacity to contract and to sue and be sued in its name; and shall be and be deemed to be for all purposes an agent of His Majesty in right of Canada.

By Mr. Shaw:

Q. There are no shares then, as such?

Mr. GAVSIE: The \$500,000 corporation was the corporation incorporated pursuant to the provisions of order in council P.C. 9108. That corporation disappeared when this statutory corporation was set up.

Section 19 of the Surplus Crown Assets Act deals with that. It says that the,

Custody, administration and control of all property and assets belonging to His Majesty, administered or controlled by War Assets Corporation Limited, a company the incorporation of which was procured by the Minister pursuant to the order in council passed on the 29th day of November, 1943, are hereby transferred to the corporation on the day the corporation is established.

(2) The corporation shall, upon the day the corporation is established, take possession of all property and assets of and assume all the obligations and liabilities of or incurred by the said War Assets Corporation Limited.

(3) The charter of War Assets Corporation Limited is hereby cancelled and the company dissolved on the day the corporation is established.

By Mr. Reid:

Q. Shares were issued to the amount of \$350,000. My question was: was the money issued from the government entirely, and if so, why were the shares issued?

Mr. GAVSIE: The original company was incorporated under part 1 of the Company's Act, 1934. According to that Act, in order for a trading corporation to be set up, you have to proceed under Part 1, which provides for a share capital company. The subscription to the shares is really for nominal purposes. That is not the place where the company gets its money for administration. The working capital for the new corporation is provided for in section 14 of the Surplus Crown Assets Act. It reads as follows:—

The Governor in Council, on the recommendation of the Minister, may authorize the Minister of Finance to pay or advance to the corporation from time to time working capital from any unappropriated moneys in the Consolidated Revenue Fund.

Mr. MARQUIS: Perhaps it would be interesting to have the document.

Mr. GAVSIE: It is the usual letters patent which are issued when you apply for a corporation to the secretary of state here. That is really history at the moment because I read you section 19, subsection 3, which cancels those original letters patent for the original company.

Mr. MARQUIS: But were those letters patent obtained by private members or issued directly by the government?

The CHAIRMAN: Gentleman, as soon as Mr. Marquis gets his answer I am going to ask that we go back to the question before us. Mr. Berry is going to make a statement in regard to the question as to the sales to provinces.

Mr. GOLDING: Mr. Chairman—

The CHAIRMAN: I want Mr. Marquis to get his answer.

Mr. GAVSIE: It was incorporated in the same way as any private company. Certain people apply for a charter and the Secretary of State issues a charter.

Mr. GOLDING: With reference to the salaries which have been listed here I wonder if we could ask Mr. Berry on what basis these salaries were established in connection with the Treasury Board?

The WITNESS: I think I can answer that best this way. My own salary was the salary of my own predecessor in office, and I was told that was my salary. As far as Mr. Malley's salary is concerned Mr. Malley was drawing a certain sum of money from the Crown as a member of the Department of Munitions and Supply, and in taking over the increased responsibilities in the corporation that he was taking over I increased his salary accordingly. As to Mr. Peterson's salary that was established before my time with the corporation and I do not know on what basis that was established. As to Mr. Brook's salary the same reply as to Mr. Peterson's. As to Mr. McKenzie's salary I established that as nearly as I could when we were forming the organization in relation to the salaries paid to other people who are either on the same relative responsibility line or carrying more responsibility. As to Mr. Dinsmore I am afraid that was established before my time and I do not know how that was arrived at.

By Mr. Golding:

Q. Did the Treasury Board pass on these salaries? I suppose they would to?—A. I believe under the Act War Assets Corporation is allowed to fix its own salaries. The only fixing of salaries that is not actually in my hands is when the salary is over \$5,000 a year. At that point I must go to the minister for his approval as to any salary over \$5,000. When I say "I" I mean that the corporation must go.

Mr. GAVSIE: Perhaps this would be helpful. It is section 13, subsection (2) of the Surplus Crown Assets Act. It says:—

(2) The corporation may, notwithstanding anything in the Civil Service Act, employ such officers, clerks and employees for such purposes and on such terms and conditions and pay them such remuneration as the board may decide; and every officer, clerk and employee of the corporation shall, before entering upon his duties, take before a justice of the peace or a commissioner for taking affidavits, and file with the secretary of the corporation, an oath of fidelity and secrecy in the form set out in the schedule to this Act.

By Mr. Golding:

Q. That is what we are trying to get at. Actually the corporation established these salaries subject to what has been said about salaries over \$5,000, but I was wondering whether after all the Treasury Board would not have to approve them, or would they have any say in the matter at all?—A. As far as I know the Treasury Board has no say.

By Mr. Marquis:

Q. These salaries are paid from the revenues of the War Assets Corporation?—A. Yes. Following that discussion, gentlemen, I think it only fair to point out here that Mr. Malley has served the country—I am taking Mr. Malley as an example—in the Department of Munitions and Supply for the last six years. I am quite confident that if I had to step outside into commercial life to get a man for the corporation of Mr. Malley's abilities I would have had to pay at least \$20,000 a year.

Mr. REID: Is it my understanding that we will hear Mr. Berry completely before we question him on the brief he submitted at the last meeting?

The CHAIRMAN: Yes, but I should like to clear up one or two other questions.

By Mr. Golding:

Q. Just a moment. Take the other employees here in addition to Mr. Malley. Were they employed with the Department of Munitions and Supply in any case previously?—A. Prior to coming to the corporation Mr. Peterson was with Citadel Merchandising, a Crown company purchasing and handling machine tools during the war period. To my knowledge Mr. Brooks was not with the government prior to coming to War Assets Corporation. Mr. McKenzie has been for quite a period with the Wartime Prices and Trade Board. Mr. Dinsmore has acted for government departments during the whole of the war period as far as I know in the purchasing and procurement of real estate for various government departments.

The CHAIRMAN: That completes your question, Mr. Golding?

Mr. GOLDING: Yes.

By the Chairman:

Q. Mr. Berry, will you go on with your reply as to the sales to the provinces?—A. Gentlemen, it was requested at the last meeting that I present a statement of the sales to provinces. We have had a statement prepared and I should like to have it distributed now, Mr. Chairman. I would point out that this statement is relative to the operations of War Assets Corporation. The records of War Assets Corporation Limited, the predecessor company, were not set up in a way so that we could compile the same information from them so this is confined to the operations of War Assets Corporation.

By Mr. McIlraith:

Q. From what date?—A. That is stated on the statement. I apologize for the size of the report but it appeared to be the only way to present the information requested by the committee.

The CHAIRMAN: Gentlemen, have you all received copies of the reply to the question dealing with total sales made to the various provinces from July 12, 1944 to October 31, 1945? It includes 12 invoices in the amount of \$10,530.01 for aircraft salvage during the period July 12, 1944, to March 31, 1945. It also includes invoices in the amount of \$1,783.76 for pumps and \$1,642.32 for heat treating units sold during the same period. Do you wish to take up this report now and ask questions or would you prefer to deal with it later after you have had an opportunity to study it?

The WITNESS: I should like to say here that the possible significance of the report is that it indicates the corporation is taking an interest and is watching very carefully that a reasonable distribution of surplus is made to the provinces by provinces.

By Mr. Golding:

Q. This is sales to the provinces?—A. Yes.

Mr. MARQUIS: At the request of the provinces?

Mr. STEWART: I wonder if we can be told if there are many requests from the provinces still on hand or unsatisfied? Are there many requests for material from the provinces which have not yet been filled?

Mr. GOLDING: These are sales direct to the provincial government?

The CHAIRMAN: Would you repeat your question, Mr. Stewart?

By Mr. Stewart:

Q. I was really asking about the backlog of orders from the provinces. Are there many requests for material from the provinces which are still unfilled? Are you able to satisfy all desires?—A. I am afraid I could not answer that question except to say that I do not think we are as yet satisfying their desires. Mr. Chairman, I may have to apologize again. This statement we have here represents sales to each province, not only to the provincial governments but also sales made privately within each province so that this total does not represent sales to the provincial governments alone. I think I am wrong because I believe from memory that the question was what have the sales been to provincial governments?

Mr. PROBE: That is right. It was to public bodies. We were discussing public bodies at the time and there was some inference that public bodies were reselling some of these things. For that reason I wanted to find out how much equipment had been sold to the public authorities of each of the nine provinces in this dominion.

Mr. MARQUIS: When you say public bodies do you include municipalities?

Mr. PROBE: They could have formed the basis for another question, but I was interested specifically in the governments of each province.

The WITNESS: I am afraid, Mr. Chairman, the information does not reply to the member's question.

The CHAIRMAN: You would require a further breakdown in two sections at least, one to the provinces direct, and the other to private individuals.

Mr. MARQUIS: You have the governments; you have the municipalities and you have private people so there will be three kinds of sales.

Mr. PROBE: That is correct.

By Mr. Stewart:

Q. The statistical report shows the surplus by departments as at September 30th and shows that the original cost is \$613,000,000, and we are told here that the sales value was \$40,000,000. Are we correct in assuming that the \$40,000,000 is the receipts as compared with the original cost of \$613,000,000?—A. I wish in some ways I could say yes because it would indicate we had sold all the surplus that had been delivered to us during that period, but I am afraid that is not the case. The \$40,000,000 represents the return from the surplus that actually has been sold, and there is still a lot of that surplus in our hands.

Mr. SHAW: In view of the fact we are discussing sales would it not be advisable for us to hear Mr. Peterson who is handling that particular aspect of the War Assets Corporation?

The CHAIRMAN: I am in the hands of the committee, Mr. Shaw.

Mr. REID: I am afraid we are going to get sidetracked.

The CHAIRMAN: No, we will not. I will see to that. Suppose we pass on to the next question that was asked.

By the Chairman:

Q. What is the next question?—A. I have not yet received the official record of the questions asked at the meeting of the committee. It has not reached my desk yet. I have been working partly from pencil notes we made here and partly from memory. There were other points raised. I believe we cover them in the statement here. One of the points raised was the disposal at Penhold. Another point was the disposal of Fairmiles, and another point was a statement on the destruction of material by the corporation. Actually in the sales brief that Mr. Peterson is now in a position to present those three points are covered.

The CHAIRMAN: Thank you, Mr. Berry. In that case, gentlemen, I think we will excuse Mr. Berry and call on Mr. Peterson.

Mr. STEWART: Before we do that may I point out that the steering committee discussed the matter of the delivery of materials to educational authorities. Mr. Berry might have a statement to make on that.

The WITNESS: Mr. Chairman, that question is so involved in the overall policy of the corporation both in relation, I believe, to pricing and to priorities that I would prefer to have some little time to give a reasoned answer to it.

F. O. PETERSON, Vice President and Secretary of War Assets Corporation,
called.

The CHAIRMAN: The witness is Mr. F. O. Peterson, Vice-President and Secretary of War Assets Corporation. Mr. Peterson wishes to make a statement and is then prepared, I understand, to answer questions.

The WITNESS: Mr. Chairman, Gentlemen: The annual report of the corporation, page 3, lists 9 points of established government policy in the disposal of surplus assets through the corporation, which were first announced by the Honourable the Minister of Reconstruction in a radio address over a national network in October, 1944. An appendix to the annual report is devoted to an elaboration of these points of sales policy.

To advise persons interested in surplus, a pamphlet entitled "How to Buy War Surplus Materials", an outline of the policy and methods of War Assets Corporation, was printed in February, 1945, and given a circulation of approximately 110,000 copies.

The nine points of government policy are:—

1. Today, when goods are scarce, to sell all saleable surpluses at existing market prices but within ceilings set by the wartime prices and trade board.
2. Later, when the war ends and surpluses become so great that they might constitute a danger to the transfer of industry from war to peacetime production and rapid employment of labour, to control the flow of such surpluses so they will create the least possible disturbance to the normal economy of the nation.
3. At all times to make every effort to control the price to the public and to reach the public by the shortest feasible route.
4. To keep out of unfair competition with established business.
5. To seek expert advice from industry on price levels and marketing methods but not to act on such advice to the expense of public interest.
6. To distribute sales uniformly across Canada.
7. To sell abroad in harmony with other governments everything that becomes available abroad and that can be sold there.
8. To keep out the speculator.
9. To recover for the taxpayers, the original investors in these goods, the largest possible cash return upon their investment without interfering with the eight other points mentioned.

It is interesting to observe, as the report and pamphlet reveal, that the general thinking before the conclusion of hostilities appeared to be that the greatest responsibility of the corporation was to protect the economy of the country against the disturbance of uncontrolled flow of surpluses to the market. The corporation recognized this responsibility and planned to carry out its work, in co-operation with established business, in order that by using this means, rather than developing new outlets, it could accomplish two purposes:—

- (1) by making business a partner in the understanding of the problem and devising with it means for the solution of the problem, the methods of control would be available, if and when they were needed.
- (2) by using established merchandising channels the need would be obviated of creating a new giant selling organization, which would have to be composed, if it were to do its job well, of all types of experts, and of people who were aware of the practices, customs, and methods of dozens of different trades and businesses.

The thinking of to-day appears to be that the only need is for quick sales. The merit of quick sales is well realized. Now is the time, not only to get the best return for surpluses, but also to relieve consumer needs. Every effort is being bent to accomplish this purpose. No industry is receiving protection through the holding or export of surpluses, or the suppression of offerings.

Speaking generally of consumers' goods, raw materials and mechanical articles, the corporation has no merchandising problems except the one problem of creating an organization large and capable enough of distributing the surplus now becoming available. It has in its possession, for sale, no single surplus the existence of which appears to threaten the peacetime reconversion of any important industry.

The avenue of quick sale is not necessarily direct sale to the end user, and the efforts of the public to buy direct, either to assist us or to benefit themselves, is a hindrance rather than a help, both to them and to us.

Direct sales tremendously complicate the task of quick sales, and were the corporation forced to yield to the many pleas to sell direct, or to make offerings to too many people, it would fail in its objective of quick sales. An organization must have one prime object. If the prime object is to distribute, as much as possible, as quickly as possible and as widely as possible, it cannot also have as its prime object the determining of who is the ultimate consumer. In other

words, were the corporation to assume the responsibility of having to determine who is the proper end user, it would mean that the corporation's prime object is not to sell as much and as quickly as possible; always, of course, bearing in mind other stated policy points.

The simplest way to sell goods is to businesses established to distribute them, and the easiest way to buy goods is from establishments already set up to describe, display and merchandise them, and recognized by end users as suppliers of certain goods.

It is not only true that established trade channels may be the most efficient means through which to sell and to buy war surpluses, but also the established employment of these channels before the time of true surplus comes will provide the corporation with the best means of controlling its flow of goods to the market in such a way as not to interfere with the employment of labour should it ever become necessary to exercise this control. The narrower the channels that have been employed, the greater will be the means for control. If the manufacturing level has been used, the backing up of goods produced by the existence of a surplus will be immediately apparent. If the wholesale level has been used, it will be apparent at a later date, but much earlier than if retail levels had been used. As the annual report states, except in the case of articles which, for safety's sake or for reconditioning should be returned to the manufacturer, most distribution is carried out at the wholesale levels, normally used for the distribution of newly produced articles of a like nature.

It is the management's objective to hold to that policy, notwithstanding the fact that it recognizes in it one source of a current complaint; that "you can't buy from War Assets". There is no denying that, with many people, it is an unpopular policy, but they don't consider the latent and important problem of control, nor do they stop to think of the tremendous organization that would be required to satisfy the needs of people who, to us, seem to have the desire to obtain articles directly from the corporation as soon as it occurs to them that they need something. That would require a giant organization so big as to make the problems of management inconceivably difficult, and its cost of operation would drastically reduce—in many cases completely wipe out—the cash return to the taxpayer.

The already established priorities call for direct sales to end users, and for this reason and others, constitute one of the corporation's greatest difficulties, and in some respects, they stand as a block in the way of the plans that have been made for the more efficient organization that should develop out of the experience of the last eighteen months. Priorities slow up sales.

The corporation is required, under the terms of the declarations of surplus to grant priorities in the following order:—

1. Federal government departments;
2. Provincial governments;
3. Municipalities, including public and semi-public organizations, such as educational and scientific institutions and hospitals.

The corporation is required to offer to these priority claimants any goods for which they have listed their demands. The field is not limited to capital goods, and claims have been made for consumers goods of small individual value.

Claims for more than 50,000 items have been listed to date. Before any sales have been made, the sieves of the priority system have got to be passed, but the penalty to sales efficiency that is paid to accomplish this screening operation does not make priority claimants any happier than the common run of customers.

No doubt hundreds of bodies with the right to lodge a claim refrain from doing so because of the indefiniteness as to when and under what condition the claim may be satisfied.

As an instance of how the priority is capable of working out to the disadvantage of the corporation in its relations with the public: we brought back from Goose Bay 174 pieces of construction equipment and stored them on a pier in Montreal. Construction equipment is in as short supply as anything in Canada, and urgently needed by builders, contractors and lumbermen to relieve some of the country's most pressing necessities. We received 1,500 inquiries from the public concerning this equipment. All statements of availability had to be subject to withdrawal of any piece if required by a priority claimant. All of the equipment was second-hand, and some of it was in bad repair, equipment of a sort that buyers inspect themselves or get a dealer to inspect. Hundreds of people made inspections; some had travelled long distances. If a piece of equipment which someone had decided to bid on was not included in the final availability list because it was sold under priority, you can imagine that man's concern. In order to give time for provincial government to exercise their claims, the offering to the public was held up for three weeks. Out of 174 pieces, priorities were exercised on only 22.

There is a marked tendency of public thinking that the field of priority preference should be widened to include churches, all forms of non-profit institutions and charities, veterans, new business, distressed communities and even distressed individuals.

If you will picture an organization with a task on its hands far greater than ordinary business management is ever asked to assume, you will see how incapable it will be of any degree of efficient performance if it is not permitted to organize along the lines of simple clean cut formulae.

It is my view that present priority regulations should be substantially modified. Regardless of whatever decision is made in that respect, it should be established that the corporation should not be required to offer goods to anyone below the level of the present claimants. If members or bodies of the community have a prior claim over others for a scarce article or a right to buy it at less than standard resale prices, other agencies should be used and, if necessary, created for such distribution.

Another factor that slows up sales beyond the power of the corporation to control is the practice of some declaring departments of concentrating surpluses in central places before reporting them surplus.

This procedure may be entirely necessary to the operation of these departments, but it has the effect, so far as the corporation and the public are concerned, of delaying a report of surplus some time after the origin of that surplus. People see the surpluses; they know they are there; they see them moved away; they don't like it, and they assume that War Assets moved them.

After the articles are concentrated, the corporation may then be at the necessity of moving them again in order to secure national distribution. Depending on the article, we either absorb or charge the freight.

It will be one of the activities of the supply department to present to federal government departments that may have the goods the details of the demand for those articles as reported by the sales department, and it is hoped that, through close liaison, it will be possible to arrange more and more declarations on site, to the apparent advantage of everyone.

While on the topic of slow distribution of essential things, it is proper to draw attention to the fact that the corporation does not have for sale many things which the public thinks it has.

For example, to date, only seven buses in usable condition have been declared surplus. Four of these were sold to meet federal priority claims, and three similarly on provincial claims. The school boards throughout Canada who want buses must be given the unpopular and the unexpected answer.

We have had declared only 34 caterpillar tractors, of which 21 were declared in Newfoundland and brought back by us to Canada in view of the domestic shortage.

The number of aeroplanes reported surplus to us has been $1\frac{1}{2}$ times the number of trucks of all kinds handed over to the corporation for disposal, and, although for every person who wants an aeroplane there are hundreds who want trucks, the number of trucks sold (being all that have been declared) has been less than four times the number of aircraft disposed of.

The complaint that "you can't buy things from War Assets" does not always arise from the reasons that are frequently supposed.

When the supply of articles much in demand is small, the corporation's problem of making equitable distribution is tremendously increased. The effort, however, is made. The following table reveals the distribution by provinces of all types of vehicles, showing the number of units, the percentage of sales effected by the corporation, and the percentage of vehicle registration which each province holds in relation to the whole of Canada:—

Provinces	Units	National	
		W.A.C. Percentage	Registration Percentage
British Columbia	435	8.95	8.37
Alberta	356	7.33	7.91
Saskatchewan	360	7.41	8.52
Manitoba	298	6.13	6.27
Ontario	2,133	43.90	47.26
Quebec	767	15.79	14.74
Nova Scotia	307	6.32	3.82
New Brunswick	144	2.96	2.57
Prince Edward Island.....	59	1.21	.54

My following remarks are applicable only to consumer goods:—

The practice in distribution of consumers' goods which is the field in which the sales activities of the corporation are most akin to normal business is cited to show how price is arrived at and how national distribution is made.

In its relationship to the wartime prices and trade board the corporation is in the same position as a manufacturer. It is fully subject to the regulations of the board, and each article which it has to sell must have a price fixed by an administrator of the board, which determines the price the public will pay over the counter, the price at which the retailer will buy, and the amount the corporation will ask from the wholesaler or the direct buying retailer. These ceilings may not be exceeded.

Prices and profit spreads being determined, distribution is organized as follows:—

If the quantity is large enough to provide for allocation to all branches in sufficient quantity to allow the branch in turn to cover adequately its territory national distribution is made. If the quantity is not large enough, distribution is made to the branches nearest to the surplus or to the territory where the best or most logical market exists.

For example, the corporation now has at an eastern point, a quantity of flying suit liners not large enough for national distribution but adequate to the prairie provinces where, we believe, a market should exist. There is no doubt that some of these would find a ready sale elsewhere in Canada but in

handling consumers' goods, the quantities must be large enough to allow a wholesale house to deal in them. To sell a few here and a few there would be inefficient as to time and cost of sales.

When goods reach the branch area, distribution is carried out to all wholesalers, but again subject to the quantity factor. If there is not enough for all wholesalers to deal in economically, then a given surplus is distributed to as many as is practical, and the branches are under instructions to divide among distributors a fair percentage of the overall releases to that branch in similar or associated items. We understand that this is the same policy as in regular business the wholesaler is applying to scarce articles in his distribution to retailers.

It is the corporation's desire to decentralize its sales effort more and more. Five selling regions have been established: British Columbia, the Prairies, Ontario, Quebec, the Maritimes. Each of these regions will operate under a regional sales manager who, in addition to supervising the branches under his control, will establish liaison with his opposite number in the supply department, the regional supply manager.

This liaison will be one of the means by which the corporation hopes to encourage declaration and taking over of surplus on site, of articles which are in local demand.

The necessity of screening all declarations for priority claims reduces the benefits that could otherwise be derived from the local activities and the local knowledge of the regional sales managers. This fact suggests another reason why priorities should not be widened, but every effort should be made to confine or reduce them.

Returning to the subject of decentralization of sales and supply. It is believed that this program will result in better and cheaper distribution of many non-commercial articles which, after examination by the man on the spot, take on a different character than they have when simply described in print. Local markets may be found for them to the satisfaction of everyone.

This could, for example, succeed, in removing the possibility of the destruction or the breaking apart of articles which in a whole state do not appear to have any usefulness.

They may appear on paper to be completely single purpose, or they may be damaged or they may have no commercial market. Yet to some people, they may be of value if only to practice a hobby, which hobby may involve repairing them or adapting them, it being the practice of such people not to charge themselves for the time they work on any project, but the corporation must pay for like work.

We understand that the complaints regarding destruction at Penhold, Alberta, were actuated in part by this fact. It is the corporation's very earnest desire to accommodate the demands of all institutions or people for articles of a non-commercial nature. The program for their distribution to educational institutions on a loan basis is already far advanced. The only satisfactory means which have so far been developed of making non-commercial articles available to the public is through auction sales. The corporation's program of auction sales is behind the schedule of the original planning. It is hoped that the decentralization of sales and the side-by-side organization of supply will speed up this auction sale program, and that under the direction of the regional sales managers a great number of small auction sales will be held.

It might be of interest if I outline here actions taken which led up to the Penhold situation, as our decentralization will we believe, effectively guard against repetition.

In February of this year representatives of the aircraft division met with representatives of the Department of National Defence for Air to develop a routine for handling reports of surplus of damaged articles. It was agreed among them that such articles should not be fully described in reports of surplus and, except for a list of articles which in the opinion of these men, was significant or valuable even in a damaged condition, all such damaged articles should be reduced to produce and the resultant produce sold as scrap.

When objection was taken in August to the results of this arrangement as practised at Penhold, the corporation requested an immediate cessation of these activities wherever they might be conducted under the routine previously referred to.

Looking at this situation through the eyes of air minded people, the practice was not bad in the sense that it may appear to others who think of the possible usefulness of things on the ground rather than of the safety or the efficiency of their use in the air. I have spoken previously of the Corporation's very strong desire to develop through local contact and local knowledge satisfactory means of making articles available for uses other than those for which they were designed. The corporation regards that type of distribution as one of the most interesting of its problems, and to whatever extent it can compromise with the costs of handling, storing and dealing in such articles, it will expand that type of sale as largely as it can.

I believe this committee, on November 20th, referred to the extent of destruction of materials by the corporation.

By our definition, destruction means "rendering useless for any purpose". Breaking up, we speak of in such terms as "salvage", "demolition", or "reduction to basic materials". Of articles declared surplus to the corporation, the following are known to have been destroyed because of their unsaleability:—

- 200 steel drums—rusted through
- 1,000 small steel boxes—rusted through
- 4,800 laminated wooden boxes—broken and punched
- 1,000 canvas rifle covers
- 3 miniature golf clubs
- 2 fire extinguishers
- 115 lbs. plaster of Paris
- 5,500 brush backs, value \$87.00 when new
- 300 rolls of adhesive tape—perished
- 1,125 gallons of gasoline at Eepegetook, Labrador
- 45 gallons of oil at Eepegetook, Labrador
- 300 gallons of gasoline at Camsells Portage, Sask. in cache since 1937
- 3,500 cases of dynamite leaking nitro-glycerine and in dangerous condition.

Fabric-covered airframes of demolished aircraft referred to later.

Articles too small in value to be dealt in, or articles in remote places, or articles which had no market as scrap—to a value in all of not more than \$2,000.

By the Chairman:

Q. Does that \$2,000 refer to the last item?—A. It covers the description of all the articles in the last item.

By Mr. Shaw:

Q. That is not intended as a complete list, is it? You say: the following are known to have been destroyed. So, it is not a complete list?—A. It is complete, to my knowledge.

Q. But take the very matter you referred to, Penhold Radio Equipment. You can deal with it later on, but I just brought it up now.—A. The table is a description of articles which, according to the definition in the preceding paragraph in the table have been subject to destruction, that is, rendered useless for any purpose, that is to say, not even as scrap. So far as I know it is a complete list and it covers complete destruction.

By Mr. Castleden:

Q. Does that mean destruction by any department of the government?—A. Only by the corporation.

Q. Do you issue instructions to the governmental departments not to declare surplus?—A. No.

The program of what the corporation calls "salvage", "demolition" or "reduction to basic materials" is a larger story.

I shall illustrate the demolition program by taking aircraft as an example.

The Corporation has had declared to it 5,388 aircraft. These are not all saleable. Some were of a strictly military type, unsaleable for commercial or for pleasure use in Canada, economically impractical for export, or in a condition beyond economical repair.

1,430 of such aircraft have been demolished as indicated in the following table:

Location	Anson I	Anson II	Anson III	Anson IV	Crane	Menasco Moth	Tiger Moth	Fleet Fort	Oxford I and II	Oxford V	Fairey Battle	Finch	Nomad	Hamden	Total
Brantford.....	165	117		13											295
Trenton.....	69		35	1	5	30	58	1		4	26	2			231
Goderich.....							68								68
Windsor Mills.....															
Cap de la Madeleine.....						1	108		2	8					119
MacDonald, Man.....															
Weyburn.....	51														51
Estevan.....	74														74
Scoudouc.....															
Neepawa, Man.....						14	77	1							92
Swift Current.....									104						104
Calgary.....	19		11		16	23		25	117	1					212
St. John's, Que.....										2	127				129
Vancouver.....														55	55
	378	117	46	14	21	68	311	27	223	15	153	2	.....	55	1,430

Before any aircraft capable of licensing in Canada, or of a type capable of export, were demolished, they were inspected by an aeronautical engineer holding a licence from the Department of Transport. Articles saved were: instruments, wheels, loose equipment, propellers, and in all cases, except those at Cap de la Madeleine, engines also. None of these aircraft contained radio equipment.

Airframes of fabric aeroplanes were burned, metal airframes were reduced to scrap.

The Corporation faces now a further program of demolition of aircraft, and the facts are as follows:

Of 3,052 aircraft still in the Corporation's hands, only 642 machines are considered saleable as aircraft. If this estimate is correct, 2,410 must be disposed of by other means. All that are requested for educational purposes will be given on indefinite loan. The remainder must be demolished. In the program of demolition, the Corporation proposes, as in the past, to save engines, propellers, wheels, lease equipment, wireless if any, and instruments, but it does not propose to remove the small bits and pieces which are incorporated into the airframe because, by experiment, it has been shown that the cost of removal exceeds the

proceeds of sale. But these airframes will be offered for sale for a limited period and any person who has a use for them or can economically dismantle them for his own purposes will be given an opportunity to buy at a low price on an "as is where is basis".

Practically all of the engines saved in demolition are still on our hands, along with a large quantity of spare engines separately declared. These are either obsolete for aircraft use or not eligible for Department of Transport certificates. We have over 6,000. After National advertising we have succeeded in selling only 63. Further aircraft demolitions and possible further declarations of engines will increase the supply to around 7,500.

Possibly a few of these will be taken by educational institutions on indefinite loan. What shall we do with the balance? Business has not come forward with any suggestions for a commercial use which have taken the form of practical bids, except for the 63 that have been sold. The cost of preserving and storing engines in a state of usefulness is high. In a short time it exceeds the scrap value, and these surplus assets then become surplus liabilities, the liability continuing to accrue until they are disposed of.

The question of the usefulness of single purpose implements of war and their value in resale will always provide a field for contending opinions. In its approach to the question, the Corporation has been guided by the principle that the continuing costs of holding such articles in the prospect of a market that may, in fact, never develop, is to be avoided whenever possible.

It has taken this attitude, for example, in the sale of Fairmiles.

Here is a ship of approximately 79 tons—112 feet long, having two high octane gasoline engines of 630 horse power each. The double diagonal hull and the deck is $1\frac{1}{2}$ inches thick. She was designed for a single purpose, and no thought was given in her design to adaptation to any other purpose.

The gasoline consumption of the engines is reported for a top speed of 18 or 19 knots, to be as high as 95 gallons an hour; at lowest speed of 10 knots, as high as 35 gallons an hour. The cabin accommodation of this war ship is the reverse of luxury; the general layout of bridge and engine room makes it necessary to employ a larger crew than a vessel of this size might otherwise require.

We have been told that she can serve as a fishing boat, but to no greater advantage than a ship half her size. It is believed that for any commercial purposes, the present engines must be replaced by diesels. Diesels of a suitable size and type can be bought to-day only for long-postponed delivery. An economical fishing craft might be built for the cost of converting the larger Fairmile.

Her adaptation as a luxury yacht would be an expensive business, but, if anyone were so disposed, the work of reconversion would fit nicely into the employment of labour in small shipyards.

She is a craft subject to deterioration above the waterline by reason of her double planking. If kept in a condition of idleness and not suitably covered, the outer planking will dry and shrink, allowing water to enter between the planks, with subsequent possible damage by frost or otherwise. At the waterline, her light construction makes her subject to damage by ice. The Corporation was informed, it believes reliably, that the carrying of these ships over winter, in the normal ice conditions of the open St. Lawrence, would present the possibility of their total loss.

We consulted the experts, none of whom suggested that the ship had any efficient usefulness in competition with other craft that would be available except for her possible usefulness as a houseboat, or some such purpose.

We then consulted the public by national advertising of the ships that were in the East, and received no bids worth consideration.

Whenever the Corporation has for sale a quantity of the same articles, it tries to fix a price at which the whole quantity will move. It does not resort to individual bargains. This is believed to be good policy in the interest of a fair approach to the public.

If it has a quantity of buildings all alike, such as come from a military establishment, the Corporation does not sell them at different prices but at the same price. It fixes that price by appraisal and the estimation of what the public will pay.

When recently we advertised Universal Carriers for sale, bids were received ranging from \$20 to \$300. These data, after study, have enabled us to fix a price which we believe is fair to all and which, we hope, will result in the sale of our stock of this nature. In all probability, we shall announce our price as being \$200 to all buyers, and express our willingness to deal with everyone alike on that basis, as long as the supply lasts.

On the same principle, the price of Fairmiles was fixed at \$3,000, which the Corporation still believes was a fair price for the Eastern market in view of the conditions here, the quantity involved, and the opportunity, which we judged would be presented by quick sale at this price, of avoiding continuing costs and possible total loss.

The treating of the Western market on the same price basis was automatic. It has been claimed that, in view of the milder climatic conditions there, and the smaller number of ships involved, a higher price for the Western market might have been established. If the Corporation had established a higher price for Western sales, then it is believed that we would have experienced difficulty in dealing with the alternative problem of price discrimination West versus East.

One type of surplus not available to the Canadian market, and which some people may therefore think is not being devoted to a useful purpose, is used garments and footwear. The Annual Report makes a reference to the Reclamation Depot at Valleyfield, P.Q.

Here, at an old Army Camp, in about 50 buildings, 700 employees of the Corporation carry out an efficient streamlined operation by which all of the unwanted clothing of the armed services is mended, dyed, baled, ready for shipment overseas through agencies such as Red Cross, UNRRA and Governments of the liberated countries.

The production, to March 31, recorded in the Annual Report, has been increased to the following:

Description	Quantity Ordered	Quantity Completed	Shipments
Boots, Ankle, (prs.).....	425,035	411,977	305,620
Shoes, Leather	103,047	67,542	67,542
Battledress Blouses	837,587	736,994	700,569
" Trousers.	888,624	861,624	768,863
Greatcoats.	221,049	120,134	105,017
K. D. Jackets, Trousers and Shorts..	642,327	259,450	155,977
Underwear.	588,183	628,093	580,322
Shirts.	220,555	119,216	87,350
W. D. Jackets.	28,875	11,775	11,775
W. D. Skirts.	26,825	7,025	7,025
Coveralls.	19,742	16,542	16,542
Boots, Uppers.	100,000	100,000	100,000
	<hr/> 4,101,849	<hr/> 3,340,372	<hr/> 2,906,602

These figures show that this is a large and useful undertaking. Valleyfield is also the base for the Corporation's distribution of bedding and blankets. Through what we believe was energetic action, the Corporation has recently been able to relieve the very acute shortage of blankets in the country, for uses in lumber camps, mines, and institutions. Over 80,000 blankets have recently been distributed, and a further lot of 80,000 are expected to be available soon.

The figures and the cases and examples which have been given by me have not necessarily been chosen because they are significant in relation to the whole, but because, for the most part, they describe the working of established policies.

The official sales report to the end of October shows business done of \$40,133,166, in 42,161 transactions. Tables showing the type of sale and the region of distribution of this business have already been distributed to you. This is the figure that should be taken from time to time for comparative purposes, but it is based on completed transactions that have been brought to account. Additional sales of the same category to November 17th, and completed negotiations which are believed to have resulted in firm business but may take some time to be reflected in the accounts—as for example, recent business for the Valleyfield depot—will enhance these figures to approximately \$77,326,000, an average rate of business for the sixteen months' operations of \$4,833,000.

The Honourable the Minister was good enough to say, in his remarks to the Committee, that, relatively to other Government's experience, surplus disposal in Canada is going well. We in the Corporation are bending every efforts to improve our performance and correct such errors in judgment as we may make from time to time as experience reveals the correct answers.

Mr. CLEAVER: Is it your wish, Mr. Chairman, that questions should now take place?

The CHAIRMAN: It is now 12.30, so I thought we should devote the next thirty minutes to questions arising out of the brief.

By Mr. Cleaver:

Q. I have had many complaints from service men of this war that they are not being fairly treated with respect to automobiles and trucks which they would like to buy for business purposes. I am confident that every member of this committee has had similar complaints in the last two years. I have had two. One came to me from a man in Oakville who gave up a good painting business in order to go overseas. He comes back and he needs a truck to carry on his painting business. After being given the run-around in Toronto for two days, he finds that he must buy a truck from a local sales agency. So, he goes to five or six automobiles sales agencies in Toronto and finds that civilians have already listed their wants. He finds a long waiting list of civilians piled up while he was away fighting, and he is told that he must wait until all these civilians are supplied before he can get a truck. I know we do not agree with that. So, would it be feasible in fulfillment of the present system and without adding any additional troubles or delays—because dear only knows, you have plenty already—would it be feasible to indicate to every automobile sales agency in Canada that, with respect to trucks and motor cars, they must set up two lists, and that the veterans list must first be cleaned up before any civilian would get either a truck or a motor car?—A. In our distribution of trucks we make the request that the dealer who gets the truck shall, in every case, give preference to veterans.

Q. Well, what do you do in the way of policing that request to see that it is carried out? I can give you the concrete case and I can give you the man's name and the names of the sales agencies which he visited in Toronto seeking

a truck for his painting business. In every case he was told: you don't stand a snowball's chance. We already have a long list and are going to supply our civilian customers first.—A. Our means of policing it would depend on our knowing the name and the case. The proportion of trucks we have to place is so small, in comparison to the demand that only a few of the dealers are getting trucks for distribution.

Q. If the supply is so short, Mr. Peterson, shouldn't all these trucks and cars go to veterans?—A. I am sure that the number of trucks and cars that we have for sale is not large enough to satisfy demands of the veterans.

Q. Yes. Well then, do you not think that your present system should be overhauled in the light that established and admitted fact so that we can say to the returned veteran: all of the surplus trucks and motor cars will go to you boys, and the civilians will not be served until your needs are met?—A. The difficulties of administering priorities are referred to in my brief.

Q. I listened very carefully to your brief and I noted that there was one case of equipment coming in from Newfoundland. You had to hold up the sale of that equipment in order that priorities might first be screened. But here I cite you an instance where the priority will take all of the available supply.—A. The question of our being able to give priority to veterans, particularly on capital goods, has been the subject of a great deal of earnest consideration at our meetings. It is our honest belief that our work must be simplified in every way it can. As I mentioned in my brief, if necessary, other agencies should look after the claims of veterans. We would, for example, be glad to sell to such agencies, all of our trucks and automobiles. But for us to have to discriminate as between veteran A and veteran B—and that is what would quickly come about should we open the door to a special policy for the distribution of motor trucks. We would then have to discriminate between buyer A and buyer B.

Q. Would you not at once meet that difficulty if you do as I suggest; dispose of those trucks and motor cars to the recognized sales agencies and say to them. You must only sell to veterans?—A. We do not say you must only; we say, you should, and they have agreed that they will.

Mr. MARQUIS: I have received many complaints from farmers in my own constituency who need automobiles, trucks, and jeeps. There are no agencies there, so it is nearly impossible to get anything for the farmers in my district which is only an agricultural one. I do not know what you could do, but I think that those trucks, automobiles, tractors, jeeps and so on should be disposed of according to population and according to territory rather than to agencies. If, for example, in Montreal they have many automobiles and trucks, they will use them there. But we need some in our district and we cannot get any.

Mr. CLEAVER: Do you not think, Mr. Marquis, that your farmers would be quite content if they knew that all these trucks and jeeps and so on were going to the veterans of this war?

By Mr. Lalonde:

Q. I concur in the remarks of the last speaker, but I also come from an agricultural district and my people complain that they cannot get trucks and equipment. On the other hand, we must be fair to the Corporation. Now, it has been found that much of this equipment is suitable for agriculture purposes. Many people went out and got two trucks. Those people are lucky.

The same situation arises with respect to the lumber industry. In my district the lumber industry occupies a large place in the business of the community. The lumber industry is trying to obtain Bren carriers. Is it possible for the lumber industry to get Bren carriers? The roads and trails in the bush are very bad for hauling in stock and equipment. Ordinary trucks will not do. So they

are trying to get Bren carriers to do the job. I do not know if such Bren carriers are suitable for the purpose?—A. Yes, they are. We expect to have them available at \$200 apiece, and to make them immediately available for distribution in the approximate number of 1,000. They are in varying conditions of repair. Some of that 1,000 will certainly not be good enough to put into use.

Q. But those lumber men, coming from the northern part of the province of my district, must go down to a certain place in Ontario—I do not remember the name of the place, where they must bid at an auction sale. If it were only possible to have a depot not only in Montreal, but in the far remote districts to accommodate those people, it would be very helpful, if economically feasible.—

A. It does not appear economical to move these universal carriers very far or to establish too many depots. That is one of the cases I referred to, under which the whole system of supplies—of these universal carriers—are now being concentrated in one place.

Q. Are they?—A. Yes. They will not be offered for sale by auction. A price will be fixed on them. It is our present intention that the buyer must take delivery of them where they are.

Mr. STEWART: I too am worried about the veterans. I believe they should get the preference. The corporation sells in good faith to these dealers, but I do not think the corporation can check up on the dealers if they are double crossed. Would it be possible for the officials, without too much work, to give us a table showing the number of trucks which will be declared surplus in each province, and also showing who the dealer is who bought them. To do so might throw the fine light of publicity on the subject which would deter selling to other than veterans.

Mr. JAENICKE: Wouldn't the veterans organizations bring influence to bear on the dealers?

Mr. MCILRAITH: That has already been done in military district No. 2. I tabled a return the other day giving the number delivered to each dealer in military district No. 2.

The CHAIRMAN: Mr. Peterson has some information. I do not know if it covers the complete situation that you have in mind, Mr. Stewart?

The WITNESS: This is a list of vehicles which we have sold according to different classifications. I shall read it.

LIST OF VEHICLES SOLD BY AUTOMOTIVE DEPARTMENT

—	Trucks	Ambulances	Farm tractors	Staff cars pass.	Track laying tractor	Ref. oil tenders	Station wagon
Quebec.....	620	7	40	29	None	31	47
Ontario.....	1,488	27	102	63	4	33	150
New Brunswick.....	110	None	1	10	None	None	21
Nova Scotia.....	397	2	2	23	None	4	45
Prince Edward Island.....	6	None	2	None	3	None	3
Manitoba.....	158	5	28	8	None	2	13
Saskatchewan.....	302	7	1	6	5	7	4
Alberta.....	222	8	12	12	None	13	26
British Columbia.....	369	2	1	14	1	5	39
Total.....	3,672	58	189	165	13	95	348

(GRAND TOTAL)..... 4,540

Mr. CASTLEDEN: Might I ask with regard to the price of these, do you follow the same procedure as you do with regard to the universal carriers and arrive at a price of so much for all buyers; is that your general policy throughout all your disposals?

The WITNESS: I read now from a memorandum which was prepared for me under the heading of prices:

The ceiling on all vehicles is established in accordance with the Motor Vehicle Controller's Order No. A-1493 (trucks) and No. A-1489 (passenger cars). Federal government departments, crown companies and provincial governments are sold at dealers' prices. Municipalities and publicly owned institutions are sold at ceiling prices less an allowance of \$187.50 to take care of painting and reconditioning, although in unusual cases where the price of the vehicle is very low this allowance may be less and vice versa in the case of a high priced vehicle the allowance may be increased.

Dealers' margin is as follows:

Conventional type trucks and passenger cars

<i>Ceiling price</i>	<i>Dealers' margin</i>
\$350 to \$560	\$250.00
561 to 700	274.20
701 to 910	303.60

Dealers purchase vehicles without prior inspection and this method greatly facilitates the operations of the corporation. Their margin is to cover transportation, handling, reconditioning, including repainting, as required by P.C. Order 665, of all military vehicles.

Dealers in all cases give us a commitment that they will sell motor vehicles purchased from the corporation in accordance with motor vehicle controller's Orders No. A-1493 and A-1489, governing the sale of used vehicles. Preference to veterans.

The price of \$330.00 for 15 cwts which farmers pay for this type of military pattern vehicle sold direct to them was established on 1940 models at an auction sale held in London on August 10th. This price is \$140.00 below the ceiling and this margin is considered sufficient to enable the farmer to repaint these vehicles in accordance with P.C. No. 665 and place them in proper running condition. In view of the fact that vehicles now being declared to the corporation are of more recent manufacture, prices should be increased in order to bring them in line with the official ceiling.

Mr. REID: Mr. Chairman, first of all, I think that this statement should have been presented to the committee earlier, because it is not in line with any statement which has so far been made to us members of parliament here. In the light of what we have heard about sales being made by drawing numbers from a hat, I think that this statement should have been placed before this committee at a much earlier stage. It has not come forth until we asked for it, one of the members requested that information. I would like to have a copy of that right now, and not have to wait until our printed reports come back for the reason that I have a number of letters on my desk which I can hardly answer until I have this information, and I do not want to wait until it is made available from the report. From what I was told the other day, the only information I could get up to that time, there was a man wanted a truck; for instance, if there were 53 trucks for sale and there were hundreds of applications in, the farmers were told that their names would be put in a hat and the names would be drawn from that hat and the vehicles would go to the farmers whose names were drawn. That is not the information we get from Mr. Peterson to-day, that is the information that was given to me from another source. In the light of that I am being made out a liar, if they

read this in the press. It is quite different from the only information we have had to date which was to the effect that if there were 500 applications and only 53 trucks available, all of the 500 applications would be put into a hat and numbers drawn from that hat. The information we get to-day is entirely different. I am very surprised to get that definite information from Mr. Peterson, and that is why I am protesting that the information was not given to the committee earlier.

The CHAIRMAN: As chairman, of course, I think I should remind Mr. Reid of the fact that our committee is sitting for that purpose: to make enquiries as to matters of policy and practice. We might have heard this information earlier had we proceeded further along with the presentation of the general scheme of operation of War Assets. But, in dealing with the matter raised by Mr. Reid, that of names being put in a hat, that is an altogether different matter.

Mr. REID: I am asking them to tell me whether that is true or not. That statement was given to me by the department, and I want to know.

The CHAIRMAN: I do not propose to reply for the witness. He will do that. But I felt that it was only fair that I should point out that they are two different matters.

Mr. BERRY: Mr. Chairman, might I make a statement here? I would like to point out to the committee that in these briefs we are presenting, we are attempting to cover for the information of the committee the broad policies of the corporation very fully. We have tried to keep away from detailed questions, feeling that the committee would not primarily be interested in them so much as the broad policies we are following. Having done that, then we get down to details. But it is impossible for members of the corporation and myself, who are working on these briefs, to imagine all the questions that are likely to be asked by this committee, and to include all the things in which the committee will be interested. I would like to put that on record, Mr. Chairman.

Mr. REID: That is all very well to put on the record. I maintain what I said. I am not taking back one word. This committee is particularly interested in the details of what is going on. And, right at the moment, I would like to have one of these officials tell me whether the statement that I received from the department is correct or not, that where you have a limited number of trucks available for sale and a large number of applicants are the names put into a hat; or, is it done in the way which has just been outlined to us?

Mr. PETERSON: The distribution of motor trucks is through dealers.

Mr. REID: Just deal with the 53 trucks and the 200 or 300 applicants and the names being put in the hat and drawn.

The WITNESS (Mr. Peterson): Distribution of trucks to dealers—this distribution is confined to civilian type of trucks, or those 15 cwt. that were referred to in what I have just read. As to the four-wheeled drive military type trucks, they so far have only been made available to farmers or to other users to whom that character of vehicle is an advantage and not a disadvantage. Included in the last group are lumbering operators, municipalities—by far a great majority of such vehicles as have been distributed have been distributed direct to farmers, and no dealer has intervened in these sales. This operation to the farmers has been carried out under the aegis of the Canadian Federation of Agriculture, which circularizes the farmers in the district where the distribution is to be made, and advertised the facts of the distribution, and they accredit the farmer in his bona fides as a farmer; and, after the number of vehicles that are available for a given distribution are assembled together, the demand always

exceeds the available supply; the names of these farmers are put in a hat and the successful, lucky winners are drawn. We have never had a distribution of trucks direct to farmers where in any class or type of truck the demand has not greatly exceeded the supply.

Mr. REID: That verifies the information I have.

The WITNESS: That is right, sir.

Mr. REID: I wanted the committee to know that, that is your method of doing it.

The WITNESS: I think what confused you was that in that last thing which I read the writer of the memorandum dealt with the two subjects, distribution to dealers, and he also commented on the highest price asked of farmers.

By Mr. Shaw:

Q. I should like to ask Mr. Peterson, in the light of what he said, how does he account for the fact that in my district every truck has been secured through a local dealer, and the only information that the farmers there have is to the effect that they must buy through their local dealers. I have checked that with the dealers and with the farmers, and I find that they must purchase trucks through the dealer.—A. If I understand your question, sir, the answer is that in this district there has not yet been a distribution of these four-wheeled drive trucks.

Q. They have all come from Calgary to the dealers who in turn have sold them to the farmers. There are quite a number of them in the hands of the farmers in that district.—A. Are they the type of truck about which I have just been speaking, the four-wheeled drive truck, or the small 15 cwt.?

Q. The 15 cwt.; that does not apply to the 15 cwt.?—A. No.

By Mr. Reid:

Q. In British Columbia what organization would take the onus or assume the responsibility of certifying to the bona fides of farmers? I am still speaking of the 53 trucks with respect to which I understand there was such a large demand that the names were put in a hat and drawn. I would like to know who verified these names, the bona fides of farmers eligible?—A. That is handled entirely by the Federation of Agriculture. I do not happen to know what methods were used in British Columbia to apportion the distribution of trucks to farmers, but that has been undertaken by the Federation. As I say, I do not know what agency they turned to to do that in British Columbia.

Q. Because British Columbia has a very aggressive and diversified type of farming, and a man who is in the interior would not know whether a man from the Fraser Valley was a farmer or not.—A. I think—and I am speaking without knowledge—I think they use the local agriculture representative.

Q. Do I gather then, and I am speaking of the province of British Columbia particularly, and not speaking about any particular individual case, that distribution is made locally; can you tell me whether the trucks offered for sale there are handled at Montreal by the War Assets Corporation, or its local representative in British Columbia? How is it done? What is the procedure followed? Say someone living in British Columbia at the moment wanted a truck and you had 15 for sale, to whom would he make his application, to War Assets in Vancouver, or would his application go to Montreal?—A. We are still speaking of farmers' trucks?

Q. Yes.—A. The whole distribution is handled by the Federation of Agriculture.

Q. For all Canada?—A. Well, their local bodies function.

Q. I would suggest that you come before the committee with very specific information. You say in one province it is handled by the Federation of Agriculture. I would like to know with respect to British Columbia just how it is done there, who is designated which farmers are to be eligible to apply. The reason for my concern there is that owing to the diversification in our farming between different sections there might easily be serious discrimination against certain farmers who might not be recognized as such by certain officials.

Mr. BLACK: That could apply to other provinces also.

The CHAIRMAN: Mr. Reid, Mr. Peterson will reply to that at our next meeting.

Mr. LALONDE: Could we also have the same information with respect to the province of Quebec?

Mr. CASTLEDEN: I would like to know also how they decide which district is to have distribution by auction sales and which is not. You mentioned that type of disposal and price fixing was the one used in the district where disposal was made. How do you decide whether there should be an auction sale?

The WITNESS: You refer to trucks?

Mr. CASTLEDEN: Yes, farm equipment.

The CHAIRMAN: This will be the last question, gentlemen.

Mr. CASTLEDEN: You can give me your answer at the next meeting.

Mr. SHAW: Just with respect to information which I would like to have brought forward at the next meeting; I should like to have a chart showing the complete organization of War Assets Corporation. I appreciate that you had an organization in your report, but that chart is of no use now. I would like to have something that we could have before us to show the various branches of the organization, and I think that priority should be given to early consideration of this in the committee because several members have laid emphasis on this matter.

The CHAIRMAN: We will have that ready for you, Mr. Shaw. I understand that the chart is already printed.

Mr. BLACK: With respect to the distribution of these motor vehicles, I think that any article that the Board has to dispose of should be embodied in a statement giving the detailed particulars of the method of distribution and the prices, and so on. I also think that the names of the agencies in the different parts of Canada should be in the hands of the committee before our next meeting.

Mr. McILRAITH: I would point out that I think we are getting away from the whole plan that the committee agreed upon at our hearing at the outset, if we get that data interjected at this point. It is a very important point, but I think the committee should realize what it is doing.

Mr. BLACK: But this subject has taken up a lot of time and I think it should be made complete.

Mr. McILRAITH: Yes. The important point however is your insistence that it be provided before the next meeting, and before the larger aspects of the problem are considered. On the other hand, it is entirely what the committee wants.

The CHAIRMAN: You will recall that in the early stages of the meeting Mr. Berry presented a document dealing with basic disposal prices of surplus civilian defence equipment and supplies. There was a notation in the right hand corner of that document that it was not for publication. We now have the approval from the Department of Veterans Affairs that it is quite permissible

to make this available for publication. So may I suggest that this document be included as an appendix to the evidence. May I also suggest, due to the fact that there is a large amount of material placed before today's meeting, that you retain your copies of the brief. I am very doubtful as to whether we will have the printed evidence ready for next Thursday's meeting. I am taking it for granted that we will meet next Thursday at 11.45.

Mr. SHAW: I should like to have a chance to look over these charts before the next meeting.

The WITNESS: If the committee wish to have the charts now, I see no objection.

The CHAIRMAN: Yes, but there are so few of the committee left.

Mr. BLACK: I think a special effort should be made to have the minutes published before the next meeting.

The CHAIRMAN: I can only say, Mr. Black, that it is sometimes simply impossible to do the things we would like to do. I will also draw your attention to the fact that you do have the minutes and copies of our last meeting right up to date. I am just providing by my suggestion, in the event of our not being able to give you those minutes, that you hold on to your briefs.

The meeting is now adjourned.

The committee adjourned at 1 p.m., to meet again on Thursday, November 29, at 11.45. a.m.

APPENDIX "A"

*Issued by Director of Civil Defence,
Dept. of Veterans Affairs,
Ottawa, Ontario.*

Demobilization Circular No. 1

INSTRUCTIONS TO LOCAL CIVIL DEFENCE COMMITTEES ON PROCEDURE TO BE FOLLOWED IN RESPECT OF DEMOBILIZA- TION AND THE RECOVERY, ACCOUNTING FOR, AND DISPOSAL OF EQUIPMENT

The Dominion Government, having been advised by its military advisers that the risk of enemy air attack in your area is now so slight that the maintenance of civil defence measures, as a defence against such form of attack, may be dispensed with, and your Provincial Government having been advised accordingly and having concurred in the proposed action, public announcement of the discontinuance of local civil defence organization, except in so far as the Provincial or Municipal authorities may wish to maintain it for local protection against wartime hazards and emergencies, has been made, on behalf of the Government, by the Honourable the Minister of Veterans Affairs, as the Minister responsible for civil defence precautions.

As the work of organizing civil defence presented its problems, so will the work of demobilization. In the organization of civil defence and the developing of efficient local civil defence organizations made up of voluntary workers, the Federal authorities had to depend almost wholly upon the Provincial and local Civil Defence Committees and, in the work of demobilization, the Federal Government will require their continued co-operation.

As one of its chief contributions to the protection of the civilian population and civilian property, the Dominion Government purchased large quantities of fire-fighting, first aid and other equipment to supplement existing facilities and equipment to combat the effects of hostile air attack. This equipment was issued to the Provincial Committees to be made available, free of charge, to municipalities and "Areas", in those sections of Canada considered to be in risk of attack, which accepted responsibility for organizing civil defence. Now that the risk of such attack is so slight as to be classified as "highly improbable", this equipment is no longer needed for the purposes for which it was made available and, since it was purchased at the expense of *all* the taxpayers of Canada, it is necessary, in fairness to them, that certain of it be recovered and disposed of in the best interests of the whole country.

Due very largely to the earnest efforts of the Provincial and local civil defence Committees and the thousands of volunteer workers, the civil defence organization, as a whole, has been operated efficiently and upon sound principles, and it is believed that those who have served so splendidly, desiring to maintain this record to the end, will continue to give their full co-operation during the demobilization period.

1. Government Policy in Relation to Equipment and Supplies Furnished at the Expense of the Dominion Government for Civil Defence Purposes

When the present war broke out, the Dominion Government, recognizing that the development of civil defence in those areas exposed to the risk of enemy air attack, would impose a heavy strain upon the resources of local authorities

and call for expenditures in excess of normal requirements, undertook to make available to the Provinces for distribution among the municipalities in "vulnerable" areas, certain classes of equipment and supplies which would be required to supplement existing equipment and local facilities to counteract the effects of enemy air raids, should they come.

As procured, the various items of equipment were issued in bulk quantities to the Provincial Civil Defence Committees and the latter accepted responsibility for the allotment and distribution of it to those municipalities in the "vulnerable areas" which had organized civil defence. This equipment was not given outright either to the Provinces or to the municipalities which received it. In effect, it was made available on loan to the Provinces and to the municipalities until such time as it was no longer required for civil defence purposes, and it remained the property of the Dominion Government.

In December, 1943, when its military advisers informed the Government that civil defence organization in certain parts of Canada might safely be relaxed, the Director of Civil Defence sought instructions as to what disposition was to be made of the equipment and supplies made available to the areas affected. The Government, after considering the matter carefully, ruled, through Treasury Board (*Treasury Board Minute P.C. 100/9745 of 27th December, 1943*) that all equipment and supplies furnished, at the expense of the Dominion Government, to Provincial Civil Defence Committees for distribution to municipalities for civil defence purposes, excepting that classified as "personal equipment" should be recovered by the Director of Civil Defence in order that it might be disposed of, as surplus war equipment and supplies, through the special agencies set up for the purpose. Treasury Board ruled that the "personal equipment", which includes steel helmets, berets, coveralls, arm-bands, badges, flashlights, whistles, waterbottles, and other small equipment which has been issued to individual civil defence workers for their own protection or use in the performance of their duties, "might be retained by the individuals to whom it has been issued in recognition of their voluntary services".

Subsequent to ruling that all civil defence equipment other than "personal equipment" should be recovered, the question of its disposal was referred by the Government to the Crown Assets Allocation Committee for consideration and, on the basis of recommendations made by that advisory body, the Government ruled (by Order in Council P.C. 3315 of 4th May, 1944) that it should be transferred to War Assets Corporation for disposal, when surplus to the needs for which it was purchased, *but made special provision that, in recognition of their contribution to civil defence and the services rendered, those municipalities which had received equipment should have first priority in the opportunity to acquire by purchase from War Assets Corporation all or any of the equipment issued to them.*

Under the policy adopted by the Government (as outlined above), all local Civil Defence Committees, which were supplied with equipment and supplies purchased by the Dominion Government, are required to account to the Director of Civil Defence for all such equipment and supplies excepting the "personal equipment", enumerated above, which has actually been issued to their personnel. (They are required to account for personal equipment which they may have in their possession which has not actually been issued.)

In line with this policy, all local Civil Defence Committees are expected to co-operate fully with their respective Provincial C.D. Committees, the Office of the Director of Civil Defence and War Assets Corporation in effecting recovery, accounting for and effecting disposal of the recoverable equipment issued to them.

(Information as to the terms and conditions under which municipalities, entitled to "first priority", may purchase all or any of the recoverable equipment issued to their local Civil Defence organizations, and as to the procedure to be followed in relation thereto, is contained in separate circulars, supplies of which will be distributed to each local Civil Defence organization by their Provincial Committee).

2. General Instructions with Regard to the Demobilization of Local Civil Defence Organizations and Accounting for Recoverable Equipment

After consultation with the Provincial Civil Defence Committees, a uniform plan of procedure in relation to winding up the affairs of local Civil Defence organizations and accounting for the recoverable equipment issued to them, has been worked out and, to facilitate matters for all concerned and reduce unnecessary "paper work" to a minimum, it is hoped that all local C.D. Committees will adopt and conform to this procedure, which is outlined below:

In general:

- (a) Local Defence Committees should remain active and not disband until such time as,
 - (i) all equipment for which they are required to account has been recovered, or otherwise accounted for, and disposal of the same has been arranged,
 - (ii) all outstanding financial obligations have been liquidated and settlement in regard thereto has been made with the Provincial C.D. Committee,
 - (iii) the Certificates of Service, provided by the Dominion Government for issue to the personnel of their organizations, have been completed and issued, and a "stand down" order has been issued.
- (b) Individual units of local Civil Defence organizations should not be permitted to disband until they have recovered and turned in or otherwise accounted to the local Civil Defence Committee for all items of "recoverable" equipment issued to them, have submitted a statement of all outstanding accounts to the local Civil Defence Committee, and have furnished the latter with a nominal roll of all personnel of their particular unit who are entitled to receive the Civil Defence Certificate of Service.
- (c) Local Civil Defence Committees should appoint sub-Committees of one or more members thereof to be responsible for:
 - (i) Supervising the recovery of equipment and accounting therefor to the Provincial C.D. Committee.
 - (ii) Liquidating outstanding obligations and adjusting all matters pertaining to finances.
 - (iii) Checking nominal rolls of personnel entitled to receive the C.D. Certificate of Service submitted by the various units of the local C.D. organization, compiling therefrom a complete nominal roll to be submitted to the Provincial C.D. Committee, and, upon receipt of the necessary supplies of Certificates, supervising the completion and issue of them.
- (d) Local Civil Defence Committees should arrange for a central repository, or storage, to which all recoverable equipment shall be returned and held until arrangements for its disposal have been made. (Trailer pumpers, hose, etc., and firemen's outfits which are normally kept in fire stations or similar depots, may, at the discretion of local Committees, be left in such location, rather than turned into the central repository, providing they are in charge of a responsible person and maintained in such a manner as to be readily deliverable on demand).

3. Demobilization Procedure

On receipt of orders to demobilize local Committees should:—

- (1) Proceed with the work of recovering, inventorying and accounting for all recoverable equipment in accordance with detailed instructions given in Section 4 of this memo.
- (2) Arrange for the discontinuance of all services and supply in connection with alarm and "call out" systems and, if instructed to do so, arrange for the dismantling of all sirens and other alarm equipment provided by the Dominion Government, and the proper storage of the same until disposal thereof is arranged.
- (3) Discontinue all special telephone services excepting those required in connection with the demobilization work and recovery of equipment. (These should be reduced to the minimum and maintained only so long as absolutely necessary.)
- (4) Ensure that all outstanding obligations are liquidated and such adjustments in regard thereto, as may be required, are made with the Provincial Civil Defence Committee.
- (5) Take steps to obtain the necessary information to compile a Nominal Roll of all personnel entitled to receive the Civil Defence Certificate of Service and forward the same to the Provincial Committee with the least possible delay.
- (6) Upon receipt of the necessary supply of Civil Defence Certificates of Service, arrange for their completion (by the insertion of the names of individuals to receive them and date of issue) and arrange distribution.
- (7) Issue a "Stand Down" order to all personnel excusing them from their duties.
- (8) "Stand fast" until instructions are received as to the disposal of recovered equipment.

4. Procedure in Relation to Recovery and Accounting for Equipment and Supplies

When local Civil Defence Committees receive instructions from their respective Provincial Committees to demobilize, they should receive an inventory of the equipment which they are charged with and required to account for, and they should proceed as follows:—

- (1) Check their own records of equipment received from the Provincial Committee against the inventory received from the Provincial Committee and, if any differences are disclosed, notify the Provincial Committee immediately so that the records can be re-checked, the differences adjusted and the two inventories reconciled.
- (2) Write off in their records all items of "personal equipment" (i.e. steel helmets, berets, armbands, badges, insignia, coveralls, flash-lights, whistles, waterbottles, etc.) which have been issued to personnel.
- (3) Make an inventory of all items of *unused* equipment in possession of the local Committee which have not been issued or which are held in storage as reserve supplies.
- (4) Issue instructions to the senior officer of each Service unit to call in or collect all recoverable equipment issued to his unit or to the personnel thereof, and arrange for delivery of it to the central storage depot (or to some other designated collection point) and, also, to furnish a detailed report to the local Committee (or its receiving

agent) of any items of equipment issued to his unit or the personnel thereof which he has been unable to locate or recover, giving the reasons therefor (i.e. lost, destroyed, refusal of person to return them, etc.).

NOTE.—*In cases where recovery of equipment cannot be effected because the individuals to whom it was issued refuse to turn it in, pay for it at the W.A.C. disposal price, or otherwise account for it, the names and addresses of these individuals, together with a list of the equipment issued to them which has not been accounted for, should be included in the report.*

Individuals who wish to retain items of recoverable equipment issued to them may do so by paying to the local Committee an amount equal to the disposal price of the equipment retained by them.

- (5) When all equipment has been recovered, or otherwise accounted for, prepare at least *three copies* of:—
 - (a) An inventory of all items of *unused* and *used* equipment which are actually in the possession of the Committee or which can be delivered on demand.
 - (b) An inventory of all shortages (i.e. all equipment which the Committee has been unable to recover) excepting items which have been paid for by the individuals to whom they were issued. *Attached to this Inventory should be a report giving the reasons for the non-recovery of each item listed therein.*
 - (c) An inventory of the items of equipment retained by individual members of their organization but for which the latter have remitted to the Committee an amount equal to the disposal price. *It is not necessary to list the purchasers and the items of equipment purchased by each but merely the total quantity of each item purchased and the total amount of the remittances received.*

Supplies of forms for each of the three types of inventories mentioned above will be furnished to each local Committee.

- (6) Forward to their Provincial Civil Defence Committee *two copies* of each of the three Inventories referred to in (5). *(The Provincial Committee, in turn, will forward one copy of each to the Director of Civil Defence.)*
- (7) Confer with the local municipal authorities to ascertain whether or not they are interested in purchasing any of the recovered civil defence equipment in possession of the Committee, and, if so, supply them with a list of such equipment, a copy of the special circular prepared for their guidance and a copy of the price list (supplies of which will be furnished for the purpose).

NOTE.—When submitting the above information to municipal authorities stress the necessity of them reaching a definite decision without delay as to whether or not they intend to purchase any of the equipment available and making such decision known to your Committee. If the municipality decides not to purchase any of this equipment, the Committee should notify the Director of Civil Defence immediately so that the equipment can be declared surplus and transferred to War Assets Corporation for disposal in the general market. If the municipality decides to purchase any of this equipment, written notification of such intention and a list of the equipment to be purchased should be forwarded directly to the Director of Civil Defence, Department of Veterans Affairs, Daly Building,

Ottawa, Ontario, so that the items of equipment wanted can be declared surplus, "earmarked" for the municipality under the provisions of Order in Council P.C. 3315, and the purchase arranged with War Assets Corporation without delay, while those items of equipment not wanted can be declared surplus for disposal in the general market. If no definite word is received by the Director of Civil Defence from the municipality within two months from the date of the announcement of the discontinuance of civil defence in your Province, all the equipment in possession of your Committee will be declared surplus without reservation and transferred to War Assets Corporation for disposal in the general market.

- (8) "Stand fast" until further instructions as to the disposal of the equipment in the possession of your Committee are received either from the Director of Civil Defence or War Assets Corporation.

NOTE.—You will be notified when any of the equipment in possession of your Committee has been declared surplus and will subsequently receive instructions as to its disposal from War Assets Corporation.

For further information relating to demobilization or to the recovery or disposal of equipment, communicate directly with your Provincial C.D. Committee or the Director of Civil Defence, Department of Veterans Affairs, Daly Building, Ottawa, Ontario.

Demobilization Circular No. 2

*Issued by Director of Civil Defence,
Dept. of Veterans Affairs,
Ottawa, Ontario.*

INFORMATION FOR THE LOCAL AUTHORITIES OF MUNICIPALITIES DESIRING TO PURCHASE EQUIPMENT AND SUPPLIES FURNISHED BY THE DOMINION GOVERNMENT FOR CIVIL DEFENCE PURPOSES.

1. *Policy in Relation to Disposal of Civil Defence Equipment and Supplies Furnished at the Expense of The Dominion Government*

When the present war broke out, the Dominion Government, recognizing that the development of civil defence in those areas exposed to the risk of enemy air attack would impose a heavy strain upon the resources of local authorities and call for expenditures in excess of normal requirements, undertook to make available to the Provinces, for distribution among the municipalities in "vulnerable" areas, certain classes of equipment and supplies which would be required to supplement existing equipment and local facilities to counteract the effects of enemy air raids, should they come.

As procured, the various items of equipment were issued in bulk quantities to the Provincial Civil Defence Committees and the latter accepted responsibility for the allotment and distribution of it to those municipalities in the "vulnerable areas" which had organized civil defence. This equipment was not given outright either to the Provinces or to the municipalities which received it. In effect, it was made available on loan to the Provinces and to the municipalities until such time as it was no longer required for civil defence purposes, and it remains the property of the Dominion Government.

In December, 1943, when its military advisers informed the Government that civil defence organization in certain parts of Canada might safely be relaxed, the Director of Civil Defence sought instructions as to what disposition was to

be made of the equipment and supplies made available to the areas affected. The Government, after considering the matter carefully, ruled, through Treasury Board, (Treasury Board Minute P.C. 100/9745 of 27th December, 1943) that all equipment and supplies furnished, at the expense of the Dominion Government, to Provincial Civil Defence Committees for distribution to municipalities for civil defence purposes, excepting that classified as "personal equipment", should be recovered by the Director of Civil Defence in order that it might be disposed of, as surplus war equipment and supplies, through the special agencies set up for the purpose. Treasury Board ruled that the "personal equipment", which included steel helmets, berets, coveralls, armbands, badges, flashlights, whistles, waterbottles and other small equipment issued to individual civil defence workers for their own protection or use in the performance of their duties, "might be retained by the individuals to whom it has been issued in recognition of their voluntary services."

Subsequently, the question of how disposal of such equipment was to be effected was referred by the Government to the Crown Assets Allocation Committee for consideration and, on the basis of recommendations made by that advisory body, the Government ordered (by Order in Council P.C. 3315 of May 4, 1944) that, when no longer required for civil defence purposes, such equipment and supplies should be declared surplus and transferred to War Assets Corporation for disposal.

At the same time, however, the Government ruled that those municipalities to which equipment and supplies had been furnished for civil defence purposes should have first priority in the opportunity to acquire all or any of the equipment and supplies issued to them; that second priority should be given to Dominion Government departments, etc. wishing to acquire such equipment; and that their priority should be given to provincial government bodies and to other municipalities.

2. General Procedure in Relation to Disposal of Civil Defence Equipment and Supplies.

In line with the Government's policy, as outlined above, the following procedure in relation to the recovery and disposal of civil defence equipment and supplies has been adopted:—

- (1) When the Government announces the relaxation of air aid precautions and the discontinuance of civil defence organization in any part of Canada, each local Civil Defence Committee in the area or areas affected, will receive instructions from its Provincial C.D. Committee regarding the procedure to be followed in winding up the affairs of the local Civil Defence organization. With these instructions, the local Civil Defence Committee will also receive a list of the equipment and supplies for which it is held accountable, with instructions with regard to collecting and accounting for it.
- (2) When all equipment, which can be recovered by the local C.D. Committee, has been collected, the Committee is required to make a detailed inventory of it and a list of all shortages, in triplicate, and to forward two copies of each to the Provincial C.D. Committee which, in turn, forwards one copy of each to the Director of Civil Defence, Department of Veterans Affairs, Ottawa.
- (3) When this has been done, the local Committee is instructed to get in touch with the local authorities of their municipality, furnish the latter with a copy of the inventory of recovered equipment and supplies, together with a copy of this circular and a copy of the Price List, prepared by War Assets Corporation, which indicates the unit

prices at which the municipality (if entitled to first priority) may acquire any of the various items of equipment that are available, and to request the local municipal authorities to advise the Committee, as soon as possible, whether or not they are interested in purchasing any of the equipment and/or supplies in the Committee's possession.

- (4) If the municipal authorities indicate to the local C.D. Committee that they do *not* wish to purchase any of the available equipment or supplies, the Committee will notify the Director of Civil Defence or the Provincial C.D. Committee immediately. When so advised, the Director of Civil Defence will immediately declare surplus to the Crown Assets Allocation Committee all the equipment and supplies reported on hand by the local C.D. Committee and it will then be transferred to the control of War Assets Corporation for disposal in the general market. (When this is done the municipality automatically ceases to have first priority rights to purchase it.)
- (5) If, on the other hand, the local municipal authorities signify that they wish to purchase, or are interested in purchasing, all or some of the available equipment and/or supplies, the Director of Civil Defence, upon being so advised, either directly by the municipality or through the local C.D. Committee, will withhold declaring surplus the equipment and supplies recovered by the local Committee for sufficient time (not to exceed two months) to enable the municipal authorities to reach a definite decision in the matter and to notify him in writing of their intentions.
- (6) If the municipal authorities decide definitely to purchase any of the available equipment and/or supplies, they must notify the Director of Civil Defence, Department of Veterans Affairs, Daly Building, Ottawa, Ont., in writing, specifying the items of equipment and/or supplies they wish to purchase, before the expiry of the time limit set for reply. Upon receipt of this notification, the Director of Civil Defence will immediately declare surplus to the Crown Assets Allocation Committee the items of equipment and/or supplies wanted, and will note on the declaration form the location of the equipment and the fact that the municipality, desiring to purchase it, is entitled to first priority. The equipment and/or supplies declared surplus will then be transferred to War Assets Corporation with a directive from the Crown Assets Allocation Committee that it must be offered for sale to the municipality specified before the Corporation seeks to dispose of it elsewhere.
- (7) When notified by the Crown Assets Allocation Committee that the equipment and/or supplies declared surplus have been transferred to War Assets Corporation, the Director of Civil Defence will immediately notify the municipality concerned of this fact, giving the C.A.A.C. Transfer Serial Number (by which the lot of equipment and/or supplies is identified) and advise the municipal authorities to communicate directly with War Assets Corporation to place their order and complete the purchase of the equipment and/or supplies directly with that organization.

(When equipment and supplies are declared surplus by the Director of Civil Defence, control of them passes from the Department of Veterans Affairs to War Assets Corporation and all negotiations in relation thereto must be carried on directly with the latter.)

- (8) Having declared surplus the items of equipment and/or supplies that the municipal authorities have notified him of their desire to purchase, the Director of Civil Defence will then declare surplus, separately, the balance of the equipment and supplies in the possession of the local Civil Defence Committee, so that it may be transferred to War Assets Corporation for disposal in the general market.
 - (9) If the municipal authorities fail to notify the Director of Civil Defence, either directly or through the local C.D. Committee, of their desire to purchase any of the available equipment and/or supplies prior to March 24, 1945, it will be assumed that they do not wish to acquire any of it, and the Director of Civil Defence will declare surplus all of the equipment and/or supplies recovered by the local C.D. Committee, without reservation, and it will be transferred to War Assets Corporation for disposal in the open market. When this is done, the municipality's privilege of first priority in the opportunity to purchase any of the equipment and/or supplies is automatically cancelled. It is, therefore, most essential that municipal authorities *reach an early decision as to whether or not they wish to purchase any of the equipment and/or supplies in the possession of the local Civil Defence Committee.*
3. *Procedure to be followed by the Local Authorities of Municipalities, entitled to first priority under the provisions of Order-in-Council P.C. 3315, who desire to purchase Civil Defence equipment and supplies*
- (1) When the discontinuance of civil defence organization in your Area is announced, get in touch with the Chairman or Secretary of the local Civil Defence Committee and arrange to secure from him a list of the equipment and/or supplies in possession of the Committee, together with information as to the disposal prices of the various items. (Copies of a special Price List, prepared by War Assets Corporation, will be issued to the local C.D. Committee for distribution.)
 - (2) Reach a definite decision without delay as to whether or not you wish to acquire any of the available equipment and/or supplies, remembering that unless you notify the Director of Civil Defence of your desire to purchase all or any of it by *March 24, 1945*, your privilege of first priority is automatically cancelled. (Under special circumstances this time limit may, on application, and at the discretion of the Director of Civil Defence, be extended.)
 - (3) If you decide against purchasing any of the available equipment and/or supplies, notify the Director of Civil Defence or your local Civil Defence Committee at once so that it may be declared surplus, transferred to War Assets Corporation and disposed of with the least possible delay, thus relieving the local C.D. Committee of their responsibilities in connection with it, and permit them to disband the local C.D. organization.
 - (4) If you decide to purchase all or any of the available equipment and/or supplies, notify the Director of Civil Defence, Department of Veterans' Affairs, Daly Building, Ottawa, Ont., in writing, immediately, being sure to forward to him a list of the items of equipment and/or supplies you wish to acquire.
 - (5) When advised by the Director of Civil Defence that the items of equipment and/or supplies you wish to purchase have been declared surplus and transferred to War Assets Corporation, write directly to:

A. E. RUTHERFORD,
Mechanical Division,
War Assets Corporation,
Dominion Square Building,
Montreal, P.Q.

confirming your desire to purchase these items of equipment and/or supplies, or placing your order for the same. (If placing an order for the equipment and/or supplies wanted, it will save time and extra correspondence if you enclose your cheque for the total cost of the equipment and/or supplies ordered.)

(On acceptance of your order, War Assets Corporation will issue a Sales Order, the "Custodian Copy" of which will be forwarded to the local C.D. Committee instructing the latter to deliver to you the items of equipment and/or supplies purchased. If cheque or remittance is forwarded with your order, War Assets Corporation will forward receipted invoices to you, thus completing the transaction. If remittance is not made with order, invoices will be forwarded for payment when delivery of the equipment and/or supplies purchased has been effected.)

4. *Procedure to be followed by the Local Authorities of Municipalities, not entitled to first priority under the provisions of Order-in-Council P.C. 3315, who desire to purchase Civil Defence equipment and supplies*

- (1) Communicate directly with War Assets Corporation, (Mechanical Division) Dominion Square Building, Montreal, P.Q., indicating the items of equipment and/or supplies wanted and request price quotations and information as to their availability, etc.
- (2) Upon receiving the information requested from War Assets Corporation, reach a definite decision, without delay, as to what available items of equipment and/or supplies you wish to purchase.
- (3) Write directly to War Assets Corporation (at the address given above) placing your order. (It will save time and additional correspondence if, with your order, you enclose cheque for the total cost of the equipment to be purchased.)

NOTE.—*The Office of the Director of Civil Defence has nothing to do with the actual disposal of civil defence equipment and/or supplies, or with setting the terms and conditions of sale, and therefore, is not in a position to furnish information relative to the availability of such equipment and/or supplies, or the terms and conditions under which they may be acquired. Furthermore, once equipment and/or supplies are declared surplus by the Office of the Director of Civil Defence, control of the same passes from the latter to War Assets Corporation.*

5. *Special Instructions—(Please read carefully)*

- (1) When submitting lists of the items of equipment and/or supplies you wish to purchase and placing orders for the same with War Assets Corporation, be sure to specify quantities and to give full particulars of the various items of equipment and/or supplies wanted. In the case of such items as steel helmets, coveralls, firemen's coats, rubber boots, etc., be sure to specify the quantity of each size wanted. In the case of pumpers be sure to specify the type and make and, if possible, give the serial number of the pumper or pumpers wanted. In the case of hose and nozzles, be sure to specify the size and the amount (in feet). In

the case of sirens, specify the make (and, if possible the model) as well as the size (horsepower) and the "characteristics" (i.e. voltage, phase and cycle) of the power available to operate the siren or sirens. (This is most important because each siren unit is designed to operate on a specific type of power circuit.) Also specify what operating accessories and control units you wish to acquire with each siren or group of sirens.

- (2) Be sure to specify whether you wish to purchase UNUSED (New) or USED Equipment.
- (3) If you wish to obtain items of equipment and/or supplies not in possession of the local Civil Defence Committee, direct your inquiries in relation thereto to War Assets Corporation (at the address given above). That organization will advise you whether the equipment and/or supplies you want are available and send you price quotations on the same.
- (4) If you wish further information as to prices, etc. also communicate directly with War Assets Corporation. (The Office of the Director of Civil Defence has nothing to do with actual disposal of equipment and/or supplies once they are declared surplus, or with setting the terms and conditions of sale. These are responsibilities of War Assets Corporation.)

*Issued by Director of Civil Defence,
Dept. of Veterans Affairs,
Ottawa, Ontario.*

Demobilization Circular No. 3

BASIC DISPOSAL PRICES OF SURPLUS CIVIL DEFENCE EQUIPMENT AND SUPPLIES

Hereunder are listed the chief items of equipment and supplies purchased by the Dominion Government for civil defence purposes and the basic unit disposal prices set for them by War Assets Corporation.

These prices are subject to change without notice.

The purpose of this circular is merely to indicate to municipal authorities and others the approximate price at which the various items of equipment and supplies can be purchased from War Assets Corporation, if and when available, and the unit charges listed are not to be considered as definite price quotations. Prospective purchasers of surplus civil defence equipment should obtain definite price quotations from War Assets Corporation (Mechanical Division) Dominion Square Building, Montreal, P.Q., before placing orders.

	W.A.C. Disposal Price	
	Unused	Used
<i>Fire Fighting Equipment—</i>		
420 g.p.m. Bickle-Seagrave trailer pumpers, each.....	\$ 1,200 00	\$ 750 00
150 g.p.m. Bickle-Seagrave trailer pumpers, each.....	680 00	425 00
50 g.p.m. "Wajax" Forestry Pumps, each.....	307 00	207 40
Stirrup Pumps, each.....	3 20	2 00
2½" hose, in 50 ft. lengths, coupled, per ft.....	86	33
1½" hose, in 50 ft. lengths, coupled, per ft.....	27½	10½
2½" Callahan "Shut-off" Nozzles, each.....	22 03	13 77
Siamese Connections, each.....	14 68	9 18
Firemen's Coats, rubber or Baruco lined, each.....	7 00	2 65
Firemen's belts, web, each.....	33	13
Firemen's rubber boots, ¾ length, per pair.....	2 00	75
Firemen's rubber boots, ½ length, per pair.....	1 05	40
Bomb Scoops and Hoes, Sets of, each.....	1 38	35
Vulcanizing sets, "Stenorizer", per set.....	33 32	21 00

	W.A.C. Disposal Price	
	Unused	Used
<i>First Aid and Medical Equipment—</i>		
Blankets, wool, grey, each.....	\$ 2 40	\$ 90
Crutches, wood, per pair.....	2 74	1 20
First Aid Kits (metal boxes) each.....	4 85	1 85
First Aid Haversacks, each.....	2 20	90
First Aid Pouches, each.....	65	25
Splints, arm, each.....	2 10	70
Splints, leg, each.....	2 67	80
Stretchers, metal, each.....	5 60	2 13
Tarpaulins, 6' x 7' each.....	2 04	77
<i>Anti-Gas Protective Equipment—</i>		
Rubber Boots, knee length, per pair.....	1 05	40
Anti-Gas Jackets, Heavy, each.....	2 10	80
Anti-Gas Trousers, Heavy, per pair.....	1 22	46
Anti-Gas Hoods, Heavy, each.....	51	20
Anti-Gas Gauntlets, Heavy, per pair.....	58	22
Anti-Gas Jackets, Light, Type A, each.....	2 52	96
Anti-Gas Trouser, Light, Type A, per pair.....	1 08	41
Anti-Gas Hoods, Light, Type A, each.....	84	32
Anti-Gas Gauntlets, Light, Type A, per pair.....	76	29
Anti-Gas Jackets, Light, Type B, each.....	2 10	79
Anti-Gas Trousers, Light, Type B, per pair.....	1 23	47
Anti-Gas Hoods, Light, Type B, each.....	51	20
Anti-Gas Gauntlets, Light, Type B, per pair.....	58	22
Canvas Overmittens, per pair.....	22	09
Gloves, Rubber, per pair.....	45	18
Eyeshields, each.....	09	05
Rattles, Gas Warning, each.....	11	05
Gas Identification Sets, each.....	2 94	1 10
Respirators, Service (Army Type), each.....	4 48	1 68
Respirators, Civilian Duty, M.S.A., each.....	3 72	1 40
Respirators, Civilian, each.....	72	27
Respirators, "Mickey Mouse" (for small children), each.....	1 56	79
Respirators, "Baby Bag" (for babies), each.....	7 08	2 66
<i>Personal Equipment—</i>		
Berets, each.....	29	11
Coveralls, Blue denim, per suit.....	3 26	1 22
Coveralls, Khaki, R.C.A.F., per suit.....	2 00	75
Flashlights, each.....	46	17
Steel Helmets, each.....	1 23	46
Water Bottles, each.....	...	05
Whistles, each.....	12	05
<i>Air Raid Warning Equipment—</i>		
5 H.P. "Burlec-Carter" Electric Sirens (220 volt, 1 phase, 25 cycle) complete with controls and operating accessories, each.....	....	290 00
5 H.P. "Burlec-Carter" Electric Sirens (220 volt, 3 phase, 25 cycle) complete with controls and operating accessories, each.....	....	330 00
5 H.P. "Burlec-Carter" Electric Sirens (550 volt, 3 phase, 25 cycle) complete with controls and operating accessories, each.....	....	335 00
5 H.P. "Burlec-Carter" Electric Sirens (220 volt, 3 phase, 60 cycle) complete with controls and operating accessories, each.....	....	290 00
7½ H.P. "Federal" Electric Sirens (220 volt, 3 phase, 60 cycle) complete with controls and operating accessories, each.....	....	335 00
5 H.P. "Federal" Electric Sirens (220 volt, 3 phase, 60 cycle) complete with controls and operating accessories, each.....	....	272 90
5 H.P. "Federal" Electric Sirens (220 volt, 1 phase, 60 cycle) complete with controls and operating accessories, each.....	....	285 35
2 H.P. "Federal" Electric Sirens (220 volt, 3 phase, 60 cycle) complete with controls and operating accessories, each.....	....	191 90
2 H.P. "Federal" Electric Sirens (220 volt, 1 phase, 60 cycle) complete with controls and operating accessories, each.....	....	191 90
2 H.P. "Federal" Electric Sirens (220 volt, 1 phase, 25 cycle) complete with controls and operating accessories, each.....	....	195 00

		W.A.C. Disposal Price	
		Unused	Used
<i>Air Raid Warning Equipment—Continued</i>			
1 H.P. "Federal" Electric Siren (220 volt, 1 phase, 60 cycle)			
with remote control unit, each.....\$	....	\$	115 00
1 H.P. "Federal" Electric Siren (110 volt, 1 phase, 60 cycle)			
with remote control, each.....	....		115 00
1 H.P. Electric Siren (110 volt, 1 phase, Universal) each.....			27 00
Signalphones, "Keystone", with control valve, each.....	60 65		32 34
Hand Sirens, "Federal", Type G, each.....	18 19		9 70

NOTE.—For price quotations on sirens without control units and operating accessories, apply directly to War Assets Corporation.

For price quotations on items of equipment and/or supplies not listed, communicate directly with:—

WAR ASSETS CORPORATION
(MECHANICAL DIVISION)
DOMINION SQUARE BUILDING
MONTREAL, P.Q.

APPENDIX "B"

WAR ASSETS CORPORATION
CONSOLIDATION OF SALES INVOICES

JULY 12, 1944 TO OCTOBER 31, 1945.

Item No.	Category	GRAND TOTALS		BRITISH COLUMBIA	
		Number of Invoices	Amount	Number of Invoices	Amount
			\$ cts.		\$ cts.
1	Real Estate.....	25	3,874,600 90	2	1,500 00
2	Buildings without Land.....	475	711,948 21	180	80,920 00
3	Clothing.....	881	1,753,666 03	28	24,408 46
4	Footwear.....	388	733,359 84	16	6,550 80
5	Foodstuffs and Drugs.....	77	223,017 61	8	1,667 92
6	Office Furniture and Equipment.....	500	46,179 08	20	2,857 35
7	Bunkhouse, Cafeteria and Camp Equipment.....	878	667,277 35	75	18,207 15
8	Kitchenware and Cutlery.....	195	75,237 28	17	3,960 31
9	Paint and Petroleum Products.....	441	150,779 77	23	9,739 64
10	Textiles and Textile Products.....	401	215,434 58	75	22,910 93
11	Scientific and Professional Equipment.....	100	13,975 65	8	582 00
12	Chemicals and Explosives.....	306	795,929 29	9	1,306 64
13	Miscellaneous Consumer Goods.....	2,443	1,062,683 25	132	32,017 55
14	Scrap—Metal (1).....	4,479	3,028,163 31	163	101,911 21
15	Scrap—All other.....	2,043	634,442 38	185	20,287 00
16	Plumbing Fittings and Fixtures.....	1,060	285,977 21	21	18,045 28
17	Hardware.....	4,046	478,913 55	91	18,048 58
18	Electrical Equipment.....	1,411	473,956 62	65	11,653 53
19	Builders' Supplies.....	282	103,760 41	24	2,207 10
20	Packages and Containers.....	823	258,911 99	32	8,637 6 0
21	Miscellaneous Industrial Goods.....	2,227	887,718 89	74	37,757 22
22	Trucks, Trailers and Tractors.....	3,298	1,849,035 76	538	341,761 91
23	Passenger Cars.....	618	258,193 66	47	22,872 16
24	Motorcycles.....	371	342,033 18	37	34,244 20
25	Automobile Equipment.....	450	140,626 61	12	1,864 41
26	Machine Tools and Equipment.....	1,738	6,241,283 34	33	50,434 04
27	Hospital and Firefighting Equipment.....	1,135	530,570 34	13	15,148 16
28	Diesel Engines.....	16	26,090 75	10	22,213 00
29	Marine Engines and Equipment.....	34	35,496 61	13	7,100 36
30	Ferrous Metals.....	4,390	2,574,046 79	367	309,839 34
31	Non-ferrous Metals.....	2,344	901,793 70	159	30,225 59
32	Ships.....	188	4,767,375 25	55	191,134 00
33	Aircraft.....	232	1,322,851 93	7	33,550 00
34	Aircraft Engines.....	89	141,016 64	2	1,600 00
35	Aircraft Components.....	411	911,087 11	34	5,617 80
36	Aircraft Instruments.....	167	33,355 73	7	448 76
37	Aircraft Raw Materials.....	1,866	709,473 58	141	230,610 45
38	Aircraft Engine Components.....	45	282,689 17		
39	Radio and Radar Sets.....	57	56,705 22	5	5,832 50
40	Radio and Radar Parts.....	930	318,864 29	4	289 72
41	Weapons.....	8	2,908 38	1	301 00
42	Engines.....	13	35,456 00	4	3,300 00
43	Machinery (2).....	274	2,343,938 38	85	35,771 26
44	Auction Sales.....	6	132,340 97	1	50,130 78
	E. and O. E.	42,161	40,133,166 59	2,818	1,817,465 71

(1) Includes 12 invoices in the amount of \$10,530.01 for Aircraft Salvage during the period July 12, 1944, to March 31, 1945.

(2) Includes invoices in the amounts of \$1,783.76 for Pumps and \$1,642.32 for Heat Treating Units sold during the period July 12, 1944, to March 31, 1945.

APPENDIX "B"—Continued

WAR ASSETS CORPORATION

CONSOLIDATION OF SALES INVOICES

JULY 12, 1944 TO OCTOBER 31, 1945.

Item No.	Category	ALBERTA		SASKATCHEWAN		MANITOBA	
		Number of Invoices	Amount	Number of Invoices	Amount	Number of Invoices	Amount
			\$ cts.		\$ cts.		\$ cts.
1	Real Estate.....	1	550 00	1	2,000 00	1	7,000 00
2	Buildings without Land.....	50	71,183 40	13	67,340 95	24	12,859 58
3	Clothing.....	70	33,407 51	39	7,468 18	68	70,210 38
4	Footwear.....	26	18,804 62	27	16,372 65	34	18,726 30
5	Foodstuffs and Drugs.....					3	1,536 00
6	Office Furniture and Equipment.....	37	4,051 70	16	566 38	21	2,928 65
7	Bunkhouse, Cafeteria and Camp Equipment.....	77	14,335 31	25	4,048 20	83	15,623 35
8	Kitchenware and Cutlery.....	16	13,640 54	37	6,882 15	24	4,953 75
9	Paint and Petroleum Products.....	10	58,121 85	4	3,167 73	14	1,133 46
10	Textiles and Textile Products.....	5	3,050 97	4	521 48	20	2,626 36
11	Scientific and Professional Equipment.....	2	1,310 18	3	1,226 05	8	523 76
12	Chemicals and Explosives.....	13	511 54			7	346 38
13	Miscellaneous Consumer Goods.....	133	19,305 75	102	16,872 00	128	26,947 08
14	Scrap—Metal.....	70	27,391 94	66	29,650 94	211	67,318 36
15	Scrap—All Other.....	51	8,573 44	37	2,919 33	78	8,181 39
16	Plumbing Fittings and Fixtures.....	16	10,030 01	4	83 94	48	4,028 93
17	Hardware.....	15	787 03	43	8,760 17	173	9,263 76
18	Electrical Equipment.....	13	10,788 28	13	14,078 45	66	16,274 66
19	Builders' Supplies.....	8	1,618 29	1	25 00	5	1,029 94
20	Packages and Containers.....	36	37,986 65	36	15,646 18	54	40,061 23
21	Misc. Industrial Goods.....	31	7,706 25	5	2,613 50	82	26,821 81
22	Trucks, Trailers and Tractors.....	310	185,370 43	290	113,200 95	235	76,664 03
23	Passenger Cars.....	43	22,492 42	17	8,779 17	20	10,201 98
24	Motorcycles.....	33	16,487 70	14	3,702 40	59	20,467 50
25	Automobile Equipment.....	24	3,192 80	7	764 03	21	3,875 63
26	Machine Tools and Equipment.....	6	14,342 58	15	1,040 46	33	89,821 39
27	Hospital and Firefighting Equipment.....	19	5,148 23	31	12,274 46	11	3,150 14
28	Diesel Engines.....			3	927 75		
29	Marine Engines and Equipment.....						
30	Ferrous Metals.....	38	50,568 78	36	33,829 36	97	77,628 32
31	Non-ferrous Metals.....	8	4,888 37	5	1,045 77	79	9,534 14
32	Ships.....	9	61,165 00	1			2 00
33	Aircraft.....	5	34,250 00	43	4,650 00	8	16,150 00
34	Aircraft Engines.....	4	3,675 00	7	5,550 00	8	10,610 00
35	Aircraft Components.....	35	9,654 00	17	1,388 00	22	14,450 61
36	Aircraft Instruments.....						
37	Aircraft Raw Materials.....	2	143 20			86	8,821 53
38	Aircraft Engine Components.....			1	500 00	1	169 23
39	Radio and Radar Sets.....						
40	Radio and Radar Parts.....	8	205 32			3	193 50
41	Weapons.....	1	6 40			2	86 15
42	Engines.....						
43	Machinery.....	12	8,514 96			19	4,860 16
44	Auction Sales.....	1	30,617 37				
		1,238	793,877 82	962	377,895 63	1,857	685,081 44

APPENDIX "B"—Continued

WAR ASSETS CORPORATION
CONSOLIDATION OF SALES INVOICES

JULY 12, 1944 TO OCTOBER 31, 1945.

Item No.	Category	ONTARIO		QUEBEC		NEW BRUNSWICK	
		Number of Invoices	Amount	Number of Invoices	Amount	Number of Invoices	Amount
			\$ cts.		\$ cts.		\$ cts.
1	Real Estate.....	9	2,649,458 40	6	1,211,157 50	2	805 00
2	Buildings without Land.....	68	311,578 55	51	142,705 73	23	8,128 00
3	Clothing.....	313	360,671 31	205	193,538 10	35	9,795 89
4	Footwear.....	102	213,784 20	127	135,050 97	13	11,228 10
5	Foodstuffs and Drugs.....	32	165,575 19	15	2,581 48		
6	Office Furniture and Equipment.....	150	59,304 53	130	41,991 44	30	2,554 22
7	Bunkhouse, Cafeteria and Camp Equipment.....	308	77,526 16	120	74,072 18	45	14,272 99
8	Kitchenware and Cutlery.....	33	26,145 71	20	10,738 67	19	2,461 34
9	Paint and Petroleum Products.....	133	34,074 14	216	40,688 81	9	252 75
10	Textiles and Textile Products.....	97	109,426 17	150	57,728 39	6	5,542 39
11	Scientific and Professional Equipment.....	21	4,375 15	36	4,027 42	5	531 73
12	Chemicals and Explosives.....	127	677,840 60	91	90,757 05	11	792 63
13	Miscellaneous Consumer Goods.....	1,024	301,392 25	575	184,980 45	152	14,809 34
14	Scrap—Metal.....	2,203	1,245,423 06	1,480	1,409,176 37	115	63,986 60
15	Scrap—All Other.....	808	213,508 56	673	353,127 73	64	3,284 80
16	Plumbing Fittings and Fixtures.....	298	115,453 52	636	135,201 85	9	131 71
17	Hardware.....	1,310	152,828 66	2,157	193,232 87	51	3,814 29
18	Electrical Equipment.....	523	209,436 09	593	179,796 09	7	1,011 59
19	Builders' Supplies.....	66	47,655 17	135	24,661 11	20	6,390 61
20	Packages and Containers.....	347	67,131 39	284	81,201 76	16	1,732 00
21	Misc. Industrial Goods.....	452	224,806 64	1,414	395,452 14	25	33,420 26
22	Trucks, Trailers and Tractors.....	1,101	691,223 06	496	302,444 72	115	37,649 98
23	Passenger Cars.....	248	98,139 63	87	32,900 46	32	12,140 46
24	Motorcycles.....	155	193,874 33	25	56,191 40	13	5,992 90
25	Automobile Equipment.....	266	88,735 00	68	Cr. 453 90	14	1,309 96
26	Machine Tools and Equipment.....	1,121	4,852,594 48	379	1,077,420 33	8	36,597 68
27	Hospital and Firefighting Equipment.....	436	174,947 44	396	206,125 53	111	48,571 32
28	Diesel Engines.....			1	1,250 00		
29	Marine Engines and Equipment.....					1	25,000 00
30	Ferrous Metals.....	2,277	1,513,055 24	1,400	493,620 35	9	4,471 12
31	Non-ferrous Metals.....	806	470,635 28	1,182	356,760 63	13	1,485 18
32	Ships.....	31	375,350 12	25	221,480 00	7	245,765 00
33	Aircraft.....	48	215,890 00	71	257,476 00	2	27,895 00
34	Aircraft Engines.....	23	28,895 00	24	48,016 64		
35	Aircraft Components.....	72	36,712 88	178	826,714 76	17	786 56
36	Aircraft Instruments.....	33	10,367 28	106	16,691 84	1	1 94
37	Aircraft Raw Materials.....	448	226,657 40	1,097	222,491 49	4	1,196 21
38	Aircraft Engine Components.....	9	217,586 40	18	37,904 85		
39	Radio and Radar Sets.....	40	43,385 91	8	5,105 20		
40	Radio and Radar Parts.....	458	149,978 65	359	76,188 19	2	1,205 00
41	Weapons.....	3	2,450 00				
42	Engines.....	2	27,100 00	2	1,750 00		
43	Machinery.....	62	262,718 02	64	2,014,540 24	4	252 34
44	Auction Sales.....					1	25,764 95
		16,063	16,948,100 57	15,099	11,216,486 84	1,016	661,031 84

APPENDIX "B"—Continued

WAR ASSETS CORPORATION

CONSOLIDATION OF SALES INVOICES

JULY 12, 1944 TO OCTOBER 31, 1945.

Item No.	Category	NOVA SCOTIA		PRINCE EDWARD ISLAND		NEWFOUNDLAND	
		Number of Invoices	Amount	Number of Invoices	Amount	Number of Invoices	Amount
			\$ cts.		\$ cts.		\$ cts.
1	Real Estate.....	3	2,130 00				
2	Buildings without Land.....	40	9,090 00	1	382 00	12	5,622 00
3	Clothing.....	21	10,504 67	2	40 50	4	22,210 93
4	Footwear.....	13	13,554 10				
5	Foodstuffs and Drugs.....	1	29 40			13	18,431 42
6	Office Furniture and Equipment.....	22	3,312 18	1	7 00	5	699 00
7	Bunkhouse, Cafeteria and Camp Equipment.....	42	6,952 82	11	568 10	64	33,975 70
8	Kitchenware and Cutlery.....	14	5,888 68	7	168 52	3	175 01
9	Paint and Petroleum Products.....	14	393 85	8	188 20		
10	Textiles and Textile Products.....	12	2,764 45			13	2,471 93
11	Scientific and Professional Equipment.....			3	36 00		
12	Chemicals and Explosives.....	7	669 75				
13	Miscellaneous Consumer Goods.....	74	7,895 91	27	4,024 97	2	30,628 23
14	Scrap—Metal.....	134	77,743 49	6	1,415 72	7	316 30
15	Scrap—All Other.....	105	16,494 54	3	60 00	13	1,767 22
16	Plumbing Fittings and Fixtures.....	24	4,488 55			1	115 00
17	Hardware.....	35	2,630 09	15	469 16	13	4,896 30
18	Electrical Equipment.....	30	3,062 99	7	567 00	3	470 00
19	Builders' Supplies.....	15	6,707 56	2	28 20	1	25 00
20	Packages and Containers.....	10	1,347 58	2	244 80		
21	Misc. Industrial Goods.....	19	3,342 34	5	635 00	19	1,330 75
22	Trucks, Trailers and Tractors.....	163	74,299 05	9	3,739 56	14	7,940 00
23	Passenger Cars.....	84	29,066 11	3	1,295 00	9	3,950 00
24	Motorcycles.....	34	10,897 75				
25	Automobile Equipment.....	10	752 63			12	1,689 00
26	Machine Tools and Equipment.....	25	26,392 46			1	665 52
27	Hospital and Firefighting Equipment.....	63	21,249 62	7	22,628 22	3	1,723 00
28	Diesel Engines.....	2	1,700 00				
29	Marine Engines and Equipment.....	20	3,396 25				
30	Ferrous Metals.....	106	32,037 54	3	699 93	4	13,270 80
31	Non-ferrous Metals.....	20	3,237 18			1	48 89
32	Ships.....	29	84,748 63	3	12,000 00	10	13,515 00
33	Aircraft.....	1	1,700 00	6	57,500 00		
34	Aircraft Engines.....	1	400 00	1	3,500 00		
35	Aircraft Components.....	4	545 00	8	1,053 87	1	95 53
36	Aircraft Instruments.....			9	1,516 59		
37	Aircraft Raw Materials.....	1	Cr. 8 23	7	347 13		
38	Aircraft Engine Components.....			2	562 00		
39	Radio and Radar Sets.....			2	3,206 61		
40	Radio and Radar Parts.....	15	1,081 77	5	11,101 13		
41	Weapons.....					2	35 00
42	Engines.....	1	300 00			5	6,205 00
43	Machinery.....	7	8,718 00				
44	Auction Sales.....			1	17,296 25		
		1,221	479,426 71	168	145,291 71	235	172,272 53

APPENDIX "B"—Continued
WAR ASSETS CORPORATION
CONSOLIDATION OF SALES INVOICES
JULY 12, 1944 TO OCTOBER 31, 1945.

Item No.	Category	FOREIGN		DOMINION GOVERNMENT ⁽²⁾	
		Number of Invoices	Amount	Number of Invoices	Amount
			\$ cts.		\$ cts.
1	Real Estate.....	2	50 00	11	12,108 00
2	Buildings without Land.....	64	953,840 13	32	67,569 97
3	Clothing.....	9	293,945 00	16	5,343 10
4	Footwear.....	2	33,060 90	2	135 30
5	Foodstuffs and Drugs.....	3		68	27,906 63
6	Office Furniture and Equipment.....	1	2,582 50	25	5,112 89
7	Bunkhouse, Cafeteria and Camp Equipment.....	1	5 10	4	217 50
8	Kitchenware and Cutlery.....	2	661 94	8	2,357 40
9	Paint and Petroleum Products.....	1	24 00	18	8,367 51
10	Textiles and Textile Products.....	1		19	1,363 36
11	Scientific and Professional Equipment.....	17	4,876 78	22	18,797 67
12	Chemicals and Explosives.....	12	48,097 71	82	375,802 01
13	Miscellaneous Consumer Goods.....	21	3,065 83	3	763 49
14	Scrap—Metal.....	5	2,886 72	21	3,351 65
15	Scrap—All other.....	1	286 00	2	112 42
16	Plumbing Fittings and Fixtures.....	19	3,884 01	124	80,298 63
17	Hardware.....	16	5,879 94	75	20,938 00
18	Electrical Equipment.....	1	1,650 00	4	11,762 43
19	Builders' Supplies.....	2	4,549 90	4	372 90
20	Packages and Containers.....	30	123,277 55	71	30,555 43
21	Miscellaneous Industrial Goods.....	2	3,465 00	25	11,277 07
22	Trucks, Trailers and Tractors.....	2	1,542 78	26	14,813 49
23	Passenger Cars.....			1	175 00
24	Motorcycles.....	3	23,356 38	13	15,540 67
25	Automobile Equipment.....	9	17,068 82	108	74,515 58
26	Machine Tools and Equipment.....			45	19,804 82
27	Hospital and Firefighting Equipment.....				
28	Diesel Engines.....				
29	Marine Engines and Equipment.....				
30	Ferrous Metals.....	17	43,231 90	36	1,794 11
31	Non-ferrous Metals.....	10	1,508 08	61	22,424 59
32	Ships.....	13	1,651,480 50	5	1,910,728 00
33	Aircraft.....	40	672,190 93	1	1,600 00
34	Aircraft Engines.....	17	37,760 00	2	1,010 00
35	Aircraft Components.....	17	6,717 60	6	7,350 50
36	Aircraft Instruments.....	10	4,260 04	1	69 28
37	Aircraft Raw Materials.....	24	8,417 07	57	10,797 33
38	Aircraft Engine Components.....	14	25,966 69		
39	Radio and Radar Sets.....	2	Cr. 825 00		
40	Radio and Radar Parts.....	17	55,936 49	59	22,684 52
41	Weapons.....	1	64 83		
42	Engines.....			2	2,971 00
43	Machinery.....	3	4,849 68	13	Cr.2,491 28
44	Auction Sales.....			2	8,531 62
		410	4,039,605 80	1,074	2,796,629 99

SUMMARY

	Amount
British Columbia.....	\$1,817,465 71
Alberta.....	793,877 82
Saskatchewan.....	377,895 63
Manitoba.....	685,081 44
Ontario.....	16,948,100 57
Quebec.....	11,216,486 84
New Brunswick.....	661,031 84
Nova Scotia.....	479,426 71
Prince Edward Island.....	145,291 71
Newfoundland.....	172,272 53
Foreign.....	4,039,605 80
Dominion Government ⁽²⁾	2,796,629 99
GRAND TOTAL.....	\$40,133,166 59

⁽²⁾ Includes invoices for sales to the Dominion Government for the period April 1, 1945, to October 31, 1945 only. During the period previous to April 1, 1945, sales to the Dominion Government were classified by province.

Canada War Expenditures and Economies, Special Committee 1945

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SESSION 1945
HOUSE OF COMMONS

SPECIAL COMMITTEE
ON

WAR EXPENDITURES
AND
ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

ON

THURSDAY, NOVEMBER 29, 1945

WITNESS:

Mr. F. O. Peterson, Vice-President and Secretary, War Assets Corporation.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945



MINUTES OF PROCEEDINGS

THURSDAY, November 29, 1945.

The Special Committee on War Expenditures and Economies met at 11.45 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Cleaver, Cote (*Verdun*), Golding, Isnor, Jackman, Lalonde, Macdonnell, Marquis, McDonald (*Pontiac*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*).

In attendance: Mr. J. H. Berry, President, and Mr. F. O. Peterson, Vice-President and Secretary, War Assets Corporation; Mr. C. Gavsie, General Counsel, and Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

Mr. Peterson was recalled and further examined. He submitted answers to questions asked at the last meeting, including a supplementary brief on the method of distribution by War Assets Corporation of different types of vehicles.

At 1.00 o'clock witness retired and the Committee adjourned until Tuesday, December 4, at 11.45 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

November 29, 1945.

The Special Committee of War Expenditures and Economies met this day at 11.45 a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: You will recall that at our last meeting Mr. F. O. Peterson was the witness. There were certain questions asked, particularly in reference to the sales of certain motor vehicles. Mr. Peterson has prepared a statement which will be distributed, showing the type of machine, by provinces, and the source through which they were sold. He will also make a statement in reference to the basis of Mr. Dinsmore's employment. The question was raised by one of the members as to salary or fee basis, and Mr. Peterson will reply to that. After Mr. Peterson makes a further statement, in addition to answering the questions, I am going to call on Mr. Berry to present a brief on behalf of Mr. Malley, who unfortunately, is still in the hospital.

I shall ask Mr. Peterson to proceed.

Mr. F. O. PETERSON, Vice-president and Secretary of War Assets Corporation, *recalled*:

The WITNESS: Mr. Dinsmore was brought down from Toronto at the first establishment of a division of the corporation to deal in real estate. He was brought down as a consultant and it was not known at that time how large the task would be, for a period of months. He was taking up residence in Montreal. We made the arrangement with him that he would be retained; that at the outset he would be on full time and that his remuneration for full-time employment would not exceed \$10,000; but because of the professional character of his employment it was described as a fee and not as a salary. The net result has been, of course, that Mr. Dinsmore has given his full time to this job since his coming to us, and in effect he is simply on a salary of \$10,000. As Mr. Berry said on Tuesday, it was his intention to do away with this temporary arrangement and consolidate Mr. Dinsmore's position on a definite salary basis.

At the last meeting there was a request made that an analysis be given of the sales by provinces, showing a breakdown of the consumers as between provincial governments, public bodies and private individuals. There was also a request made that a breakdown of sales be made by provinces to show what goods were sold to educational institutions and what were given to them on indefinite loan. Both of those statements are in course of preparation. They involve the analysis of some 42,000 sales invoices, but as quickly as the work can be concluded, they will be presented.

I have for distribution a table showing the distribution of motor vehicles, not including tractors, by the corporation up to October 31, 1945. This shows the distribution by provinces and reveals the machines that were sold to dealers, sold direct to farmers, sold under federal priorities, under provincial priorities and to institutions and municipal governments.

By the Chairman:

Q. Excuse me, Mr. Peterson. Have you copies of that?—A. I have copies of these available. Shall I read this?

Q. Yes.—A. Very well, it reads as follows:

DISTRIBUTION OF MOTOR VEHICLES (NOT INCLUDING TRACTORS)
BY WAR ASSETS CORPORATION UP TO OCTOBER 31, 1945.

	Sold to dealers	Sold direct to farmers	Sold under federal priorities	Sold under provincial priorities	Sold under municipal and institutional priorities	Totals
British Columbia	422	...	...	12	1	435
Alberta	299	45	...	7	5	356
Saskatchewan	250	30	...	78	2	360
Manitoba	225	70	...	2	1	298
Ontario	1,407	570	133	10	13	2,133
Quebec	661	...	...	35	71	767
Nova Scotia	306	...	...	...	1	307
New Brunswick	142	...	...	2	...	144
Prince Edward Island ...	8	50	...	1	...	59
TOTAL	3,720	765	133	147	94	4,859

Sales direct to Farmers, of 4 wheel drive Military Pattern trucks for the months of November, December and January have been held or are scheduled as follows:—

Vancouver, B.C.	25	January 3, 1946
Esquimalt, B.C.	28	January 4, 1946
Kingston, Ont.	44	November 27, 1945
Toronto, Ont.	62	November 29, 1945
Montreal, Que.	46	November 14, 1945
Quebec, Que.	55	November 16, 1945
St. John, N.B.	89	December 8, 1945
Debert, N.S.	36	December 10, 1945

Mr. CLEAVER: Mr. Chairman, are there copies of that presentation available?

The CHAIRMAN: I regret to say there are not at the moment. I was promised copies, but unfortunately Mr. Peterson did not bring them with him. He has, however, sent a messenger for them and they will be available shortly.

Mr. STEWART: I perhaps may not have heard the totals correctly for Manitoba and Prince Edward Island, but I do not get them to add up at all to the total as given.

Mr. COTE: Neither do I.

By Mr. Golding:

Q. What was Prince Edward Island?—A. The total for Prince Edward Island?

Q. Yes.—A. There were 8 sold to dealers, 50 to farmers, 1 under provincial priorities, for a total of 59.

Mr. STEWART: I thought you said 147.

Mr. GOLDING: That is what he did say.

By Mr. Stewart:

Q. What about Manitoba?—A. Manitoba is wrong.

Q. Could I have the figures for Manitoba?—A. The figures for Manitoba are these. The reproduction is obviously out 30 machines. The figures that I read were 255 to dealers, 70 to farmers, 2 to provincial governments, one under municipal priorities, for a total of 298.

Mr. STEWART: It would be 328, would it not?

By Mr. Reid:

Q. Could I have the number for British Columbia? I am sorry I was not here when that was given.—A. 422 sold to dealers, 12 sold under provincial priorities, one sold under municipal priorities, for a total of 435.

By Mr. Cote:

Q. Am I right in assuming that there have been no direct sales to farmers in the province of Quebec?—A. There have been no direct sales to farmers in the province of Quebec as of October 31st.

Q. Is that because no requests have been filed?—A. No. The sales in Quebec direct to farmers were held in Montreal on November 14 when 46 vehicles were sold, and in Quebec city on November 16, when 55 vehicles were sold.

By Mr. Lalonde:

Q. How do you explain this difference in distribution between Quebec and the other provinces?—A. I have a statement which I propose to read which may answer that and which will answer the questions which you asked at the last meeting. I will get verification for Mr. Stewart later, Mr. Chairman.

The CHAIRMAN: Will you proceed with your statement?

The WITNESS:

In the brief submitted to this committee on Tuesday last, I included a table of distribution of all types of motor vehicles by provinces, which showed the number of units, the percentage of sales affected by the corporation, and the percentage of vehicle registration which each province holds in relation to the whole of Canada.

Questions were asked as to the method of distribution of different types of vehicles, whether through dealers or by direct sale, and the table now provided shows the breakdown as between these methods of sale. It shows the distribution to priority claimants in three categories of dominion government departments, provincial governments, municipalities and public organizations. In the interests of strict accuracy I may say that some few vehicles allocated on priority have been sold through dealers at the request of the priority claimants themselves. These sales are included among dealer sales in the table. They are not numerous enough, to alter the significance of the figures.

Distribution through dealers is carried out under the advice of the manufacturer of the vehicle. If we have, for example, 200 trucks of a given make available in a certain area, we ask the manufacturer through the Canadian Automobile Chamber of Commerce to designate the dealers through whom these trucks should be distributed. The manufacturer, under this arrangement, allocates the vehicles so available to his franchised dealers in that district, based on the number of similar type distributed by such dealers during the period 1940-41. The manufacturer guarantees payment of the account by the dealers whom he designates. In actual practice, the money is collected by the manufacturer from the dealer before the trucks are distributed, and in fact, before the dealer sees the trucks which have been allocated to him. For these services, neither the manufacturers nor the Canadian Automobile Chamber of Commerce receive any payment, nor do we pay any of the expenses which either the manufacturers or the Canadian Automobile Chamber of Commerce incur in connection with the allocation.

The advantage of this arrangement to the corporation is two-fold:—

1. It relieves us of the difficulties of allocation of the relatively few vehicles that are available at any one time among the dealers who, if the arrangement didn't exist, would be constantly clamouring for vehicles and asking to be given the assurance that they were not being overlooked.
2. It ensures, as far as it seems possible, that distribution will be fair by locality, because the basis of allocation used by manufacturers is the amount of business done in 1940-41. Thus each district in the

area receives a proportionate share of vehicles by virtue of the fact that the dealers over the whole area are receiving their proportionate share based on a common standard.

We have not had brought to our attention any case in which a franchised dealer has received, in relation to dealers in the same area, a single vehicle to which he was not entitled.

This is an interesting illustration of an advantage derived from working through established channels of trade, a subject to which I devoted a substantial part of the brief submitted to you on Tuesday last.

As to the cost of this method of distribution, I made on Tuesday a statement that the dealers' margin on civilian type trucks was:

\$250 00 on vehicles retailing at ceiling prices of.....	\$350 to \$560 .
\$274 20 on vehicles retailing at ceiling prices of.....	561 to 700
\$303 60 on vehicles retailing at ceiling prices of.....	701 to 910

This margin to the dealer provides for, \$40 towards the cost of transportation, \$35 towards the cost of handling, the reconditioning and the repainting required by regulation, which are estimated to cost approximately 20 per cent of the price of the vehicle to the dealer.

In order to sell at the ceiling price, under the motor vehicle administrator's order No. A-1493, the dealer is required to place the vehicle in proper mechanical condition backed by a 30-day guarantee. If, however, he sells the vehicle in an "as is" condition, that is, without reconditioning, the maximum price at which he can sell it under the same motor vehicle administrator order, is the ceiling less the costs of reconditioning; but in no case more than 90 per cent of the ceiling.

It is emphasized that the policing of this regulation of the motor vehicle administrator is not the responsibility of the corporation but of the wartime prices and trade board, to which all complaints of overcharge by dealers should properly be addressed.

Military type trucks are of two sorts:—

Two-wheel drive and four-wheel drive of various capacities, chiefly 8 cwt., 15 cwt., 30 cwt., and 3 ton.

Two-wheel drive military type trucks have been distributed through dealers, except such as were sold direct to priority claimants.

In the case of these two-wheel drive vehicles, the gross spread allowed to dealers for transportation, handling, reconditioning and repainting, was a lower proportion of the re-sale price to the public, than in the case of standard type vehicles. This lower margin on non-standard type vehicles was fixed because, in the opinion of the corporation, the lower ceiling price established by the motor vehicle administrator apparently made these non-standard type vehicles a more attractive purchase than the conventional type trucks, with a higher ceiling. As the return to the corporation on these non-standard type vehicles was less than the return on conventional types, it was considered that the margin to the dealer also should be less.

Four-wheel drive military type trucks have been sold direct to farmers under an arrangement with the Canadian Federation of Agriculture, who through their provincial affiliates have certified to the bona fides of applicants. The number of applications has always exceeded the available supply at any given place and time. Drawings therefore, have been made to determine who were to get vehicles.

Distribution in Quebec was held under the auspices of l'Union Catholique des Cultivateurs and the Quebec Council of Farm Forums.

Distribution in New Brunswick and Nova Scotia is being made under the Maritime Federation of Agriculture.

In each of the other provinces, the provincial affiliate of the Canadian Federation carries the provincial name.

Distribution to farmers is made whenever the accumulation of declared surpluses is sufficiently large to justify advertising by the Federation of Agriculture and a drawing to determine which applicants secure vehicles. The sales that have been held, and the sales in prospect exhaust total present available supply.

Prices charged were established at an experimental auction sale held at the suggestion of Ontario Federation of Agriculture on August 10, 1945, for the express purpose of discovering what farmers would be willing to pay.

Prices established were:

\$330—for 15 cwt.,

\$390—for 30 cwt.,

\$620—for 3 ton

\$280—F.A.T.

These prices are lower than the authorized ceilings but still considered a fair price because the farmer has to assume the expense of accepting delivery on site and of such reconditioning as his use for the vehicle may require.

After the policy of sales to farmers was established, it became necessary to make four-wheel drive trucks available to governments and municipalities, to lumbering and mining firms and public utilities, and the principle presently applied is that four-wheel drive military pattern trucks are sold to end users to whom their characteristics are an advantage and not a disadvantage. Sales to users other than governments and farmers may be made through dealers.

A question was also asked as to methods which will be employed in the sale of universal (bren gun) carriers.

Approximately 1000 have been declared, located at New Sarum, Ontario. It is estimated that 600 of these are in a condition capable of being made saleable. We propose to charge \$200 f.o.b. New Sarum, and to sell direct to end users. Others will be filled in the order received subject to our being able to put the vehicle in a running condition, with the small facilities under present weather conditions, available to us at New Sarum.

Such further surpluses of these units as are declared will remain at their present location other than New Sarum, and will be offered for sale by us in those districts. In the end, therefore, a roughly balanced National distribution may be made, but meanwhile the sale price of these vehicles does not permit the corporation to absorb freight.

Numbers of these carriers have been, and will be, distributed to agricultural colleges and provincial forestry schools across Canada, and prospective buyers will not only be able to examine the vehicles at these locations but may be able to secure as well valuable information as to their usefulness and their limitations.

The WITNESS: I may say, Mr. Chairman, that the channel used in British Columbia was the British Columbia branch of the Federation of Agriculture.

Mr. REID: What delegate did they designate?

The WITNESS: I am afraid I did not get the question.

The CHAIRMAN: Is your question about the name of the agent, or delegate?

Mr. REID: The reason I asked that was that it arises out of the reading of your brief, and the particular reason is that in British Columbia there are great numbers of farmers farming independently of any connection with the Chamber of Agriculture. We have the Chamber of Agriculture and a good many representatives on that come from the interior which is almost entirely a fruit growing district; hence my question, who is going to say in British Columbia who is a farmer or not, because a man from the interior would be at a loss to know whether a man in the Fraser valley who applied would be a bona fide farmer or not.

The WITNESS: I understand that the practice is to have the local agricultural representative certify to the larger provincial federation.

By Mr. Golding:

Q. I was wondering in regard to this statement here: "we ask the manufacturer through the Canadian Automobile Chamber of Commerce to designate the dealers through whom these trucks should be distributed". If they are Ford trucks, do you select Ford dealers in this particular case; and the same with Chev. and Dodge trucks and so on?—A. That is right, sir. If we have 100 Ford trucks we simply notify the chamber of commerce that we have 100 Ford trucks and they tell us what dealers should be given these trucks.

Q. And the distribution is made on the basis of their sales in 1940-41?—A. That is right.

By Mr. Probe:

Q. Where does the new dealer come in, the man who has just re-established himself? Suppose a veteran has been discharged recently and becomes a dealer in motor vehicles, he is left out in the cold so far as receiving any portion of these vehicles is concerned?—A. Yes, under this arrangement. If he was not in business in 1940-41 under this arrangement he would not participate in the distribution.

Q. And the automobile association feel that is equitable, if presume they must?—A. They must do. This is a scheme which is also concurred in by the dealers association.

By Mr. Cleaver:

Q. Mr. Chairman, the witness told us the other day that instructions had been issued to the sales agencies that the veterans were to receive a preference?—A. That is right.

Q. Would you be kind enough to table a copy of those instructions?—A. Yes.

By Mr. Lalonde:

Q. I understand that in the province of Quebec no truck sales have been made to farmers from your corporation; am I right?—A. In the table which we shall shortly have for distribution it will show that no sales were made direct to farmers as to the 31st of October, which was the date of the table.

Q. I would like to know the reason why?—A. Two sales were held in November.

Mr. McILRAITH: That was mentioned previously. You gave us the dates on the places of sales direct to farmers in Quebec and as I recall it they were both in November, one around the 14th of November in Montreal and the other immediately afterwards in Quebec City, very close to the other.

By Mr. Cote:

Q. Would there be any serious reasons why truck sales to farmers in the province of Quebec have been delayed? I should also like to know why the number of sales directly to the farmer in the province are relatively small compared to those in the province of Ontario. Is that because you had a lesser number of requests from farmers?—A. No, not necessarily.

Q. Or a lesser number of vehicles available?—A. Sales to farmers are limited by the number of vehicles that are available to us within the territory. The sales in Ontario came first because that was where vehicles were first available in quantity. It took some little time for vehicles to be accumulated under declarations of surplus in Quebec and in these other provinces.

By Mr. Lalonde:

Q. I understand that sales have been made in Quebec under the auspices of L'Union Catholique des Cultivateurs and the Quebec Council of Farm Forums. I do not understand why only L'Union Catholique has been invited because I understand from my personal knowledge that L'Union Catholique does not have a very large coverage or many branches covering the whole province. As far as I am concerned in my district they have got one branch. They do not cover the whole riding. Many farmers would like to have trucks and vehicles, and if they do not belong to these societies then they are out of the picture.—A. As I understand the way it works the Federation of Agriculture designates the affiliates of the parent federation in each province to handle the distribution. Advertising in the newspapers is used. Distribution of application forms on rural routes is used. The local affiliate which is handling the receiving of applications and arranging for the certificate as to the bona fides of the applicant is simply a chosen channel, but membership in any given agricultural society would not in any sense restrict it.

Q. You said that there has been advertising in the local newspapers. I am sorry to tell you that I did not see any advertising of that sort in the two newspapers we have got in my riding.

By Mr. Probe:

Q. I should like to ask Mr. Peterson a question. Let us take a concrete case. Let us assume that 100 motor vehicles are located at Winnipeg, Manitoba, and you have been notified by Crown Assets Allocation Committee that there are these 100 vehicles at Winnipeg and they are turned over to you for disposition. I should like to know what the drill is at that point. First of all do you tend to move these vehicles from province to province or are they invariably sold in the locality where they have been turned over to you? As far as you are concerned do you move them about?—A. In the case of every province where the declarations are few in number we do not move them. Our difficulties have always been the tendency of these things to be concentrated before declaration.

Q. Who concentrates them?—A. The declaring department; the services in their general over-all operations tend to concentrate articles which are surplus to their over-all requirements.

Q. Now there they are. You have 100 vehicles declared surplus at Winnipeg. What do you do now as a general drill?—A. If they are civilian type vehicles we simply notify the manufacturer under the machinery I outlined and he distributes them according to his over-all plan for that territory in relation to 1940-41 sales for his civilian type trucks.

Q. Then you deliver them to these dealers?—A. No, we do not deliver them. The dealer is notified, the money is paid over and he goes and collects them.

Q. The dealer is notified by War Assets Corporation?—A. No, the dealer is notified by—

Q. The automobile chamber of commerce?—A. I do not want to make a statement which may possibly be wrong. He is either notified by the automobile chamber of commerce or by his dealer association. It amounts to the same thing.

Q. That covers all these 100 vehicles at Winnipeg?—A. If they are civilian type vehicles.

Q. At what stage does the priority consideration come in?—A. Before we had notified the manufacturer of the availability of vehicles of his manufacture we would have satisfied priority claims.

Q. The different priority claimants have some knowledge of the fact that 100 vehicles are now surplus at Winnipeg?—A. If they have notified us of their desire to buy vehicles it would be our duty then upon declaration coming in to tell these priority claimants that these vehicles were there.

Q. And following receipt of any notification to you that they want this type of vehicle you simply turn over the information then to the automobile chamber of commerce and it is carried on in the routine fashion from there. How do the farmers get into this picture?—A. What we have just described disposes of civilian type trucks. If they are four-wheel drive military type trucks we simply accumulate them until we have enough to justify a circularization by the federation.

Q. And as far as your department is concerned this is working out fairly satisfactorily?—A. Yes.

Q. As a business routine?—A. Yes. In every case of distribution to farmers the number of applications greatly exceeds the number of available trucks, but by and large farmers have accepted the principle of the element of luck that is involved in drawing.

By Mr. Reid:

Q. Would you explain that a little further? Take one province, and perhaps that will have a bearing on the others. I am thinking, of course, of the province of British Columbia. You have got a certain number of farm tractors for sale and a farmer there wants to buy a tractor. First of all does he go to the local War Assets Corporation office in Vancouver or does he write directly to Montreal? Secondly if he puts in an application where is the man from the Federation of Agriculture located? How does he get close enough in time to designate who is a farmer and who is not? I am thinking of a man living in the interior of British Columbia. I am thinking of a man in the Fraser Valley sending in for a farm tractor. First of all does the application go to Vancouver or does it go to Montreal, and if it does go to these places where does the Federation of Agriculture delegate or appointee come into the picture, and how close is he to the picture?—A. There is no transmission of applications to the east. What is done is done entirely in British Columbia. If a farmer wants a standard farm tractor he makes an application to our local office in Vancouver. If it is a standard farm tractor he wants he has very little prospect under present conditions of getting it because we have had so very few, and you might say that almost everyone that has been worth using has gone out on priority. There are among the four-wheel military type trucks a vehicle called the field artillery tractor which is not a tractor in the true sense but which has got a certain adaptability to a farm. These are accumulated. They are never sold by us directly to farmers. They are accumulated along with the other types of four-wheel drive vehicles until there are enough to have an organized distribution under the Federation. I do not know myself the description of just what is going to happen in British Columbia on the sales there which are projected for January 3 and January 4 according to the foot note of the table which has now been distributed. You see the total number of vehicles available there will be 53.

By Mr. Lalonde:

Q. I should like to clear up this point as far as Quebec is concerned. I apologize for coming back to it. I should like to know the exact function or authority of those two bodies, L'Union Catholique and the Quebec Council of Farm Forums. Is a farmer obliged to have a certain recommendation from these bodies before being entitled to a vehicle? What is the function of those two bodies? Do they designate definitely the man who is entitled to have a vehicle?

Mr. GOLDING: Bona fide farmers.

Mr. LALONDE: That is what I want to know because we are flooded with complaints that the department is not doing its work.

The WITNESS: The corporation's position is this—

By Mr. Lalonde:

Q. I want to know the position of those two groups. As far as the position of the corporation is concerned it is quite clear, but I want to know what are the responsibilities of these two groups?

Mr. McILRAITH: Do they select the particular farmers getting trucks?

By Mr. Lalonde:

Q. What are they doing in the picture?—A. My understanding is that in the area where trucks are available an effort is made to let all farmers in that area know that the trucks are available and the prices at which they will be sold.

By Mr. McDonald:

Q. Is an effort made through this particular body, L'Union Catholique? In other words, do they do the advertising?—A. Yes, they would be the agency.

Q. Then I am strongly of the opinion that a certain number of farmers would never know anything about it.

Mr. LALONDE: Absolutely.

By Mr. Marquis:

Q. Do you know of any other farm organizations in the province of Quebec who can now deal with War Assets Corporation? You mentioned two but there are many co-operatives which are not mentioned here. You only have the two. Do you know of any other bodies who have made requests through your corporation? Can we find out if there are any other bodies which submitted requests in order to get these vehicles?—A. In order to act for us in the distribution of these vehicles in contrast to some body that is affiliated with the Federation of Agriculture?

Q. Yes. In the province of Quebec you have not a general federation of agriculture.—A. That is right.

Q. Involving all the bodies. There are many organizations. I want to know if you have had requests from other bodies or corporations than L'Union Catholique and the Quebec Council of Farm Forums? Perhaps you may have some in your records, and I should like to know if you have had requests from these bodies?—A. We shall try to make a summary of that information.

By Mr. Lalonde:

Q. Have you any objection to tabling the correspondence between the corporation and L'Union Catholique?—A. None at all, but there might be none because our over-all arrangements are with the Federation of Agriculture.

Q. I do not put any pressure on you, on that point Mr. Peterson, but if it is feasible, if you think it is in the proper interest to table this correspondence, I would be very glad to know something about it.

Mr. COTE: Or with the other group.

Mr. LALONDE: Both bodies.

By Mr. Marquis:

Q. I would like to know if those bodies represent farmers in the province of Quebec who have made requests to get some of those vehicles? Personally,

I have never heard of the Quebec Council of Farm Forums. I do not know what it is.

By Mr. Lalonde:

Q. There are two conflicting bodies of that sort in the province of Quebec who would like to be represented?—A. The point you are interested in is: that membership in those bodies would not establish any special privilege.

Q. It would mean discrimination against others farmers who did not belong to those corporations, and these other farmers might like to have some of those vehicles.

By Mr. Michaud:

Q. A great many farmers do not belong to any agricultural society.—A. Membership in an organization, according to our understanding, would not qualify or disqualify a man.

By Mr. Reid:

Q. What about the possibility of a representative of that organization sitting and deciding who is and who is not a farmer? He might decide that all the members of that organization are farmers and those who are outside the organization are not farmers. I doubt the wisdom of the decision with respect to British Columbia, leaving it to the delegate of such an organization. There are thousands of farmers in British Columbia who do not belong to that organization.

By Mr. McIlraith:

Q. Have you ever had any complaints from any persons who attended those auction sales to the effect that they were farmers and were ruled not to be farmers?—A. I know of no such complaints having been made.

Mr. LALONDE: All the complaints come to the members of parliament.

Mr. MARQUIS: I would like to know what the Quebec Council of Farm Forums is? I never heard of it before, yet I have lived in the province of Quebec since birth.

By Mr. Black:

Q. This statement shows a distribution of 4,859, yet there were none distributed in Nova Scotia and New Brunswick direct to farmers, up to October 31, 1945. I would like to know what additional quantity will be disposed of, and what planning you have in mind with respect to the disposition of such a surplus?—A. Mr. Black, there is a sale of trucks to farmers projected for December 8 at Saint John. There will be 89 vehicles to dispose of at that time.

Q. Eighty-nine. In what district will the farmers have to reside in order to participate in that sale at Saint John? How many vehicles did you say?—A. Eighty-nine.

Q. Eighty-nine.

By the Chairman:

Q. I would also refer to Debert in the next item.

By Mr. Black:

Q. Debert, yes, thirty-six. I ask the witness, with respect to these thirty-six four-wheeled drive trucks to be disposed of by sale to farmers in Debert on December 10, are all the farmers in Nova Scotia eligible to purchase, or only

the farmers in a restricted area around Debert, in Colchester country, the area around Debert?—A. I will have to get the answer to that question for you; I will find out what plans have been made for the conduct of that sale.

Mr. STEWART: In the prairie provinces—

The CHAIRMAN: Please allow Mr. Black to finish his question, Mr. Stewart.

By Mr. Black:

Q. What further quantity of trucks have now been declared surplus in addition to the number that appear on this sheet? Also, what further quantity is it likely will be declared surplus? What quantity have you already disposed of, and what is surplus? And what have you not made arrangements to dispose of? And I would like as well a third classification, of those indicated to you, that will eventually be declared surplus?

Mr. STEWART: Shall I ask my question now, Mr. Chairman?

The CHAIRMAN: Your answer will be given later, Mr. Black, in reference to that particular question.

Mr. BLACK: Yes, will the answer be given today or at another session?

Mr. COTE: Oh, sometime next year.

The CHAIRMAN: The answer will be given at the next meeting, Mr. Black.

By Mr. Stewart:

Q. Altogether there have been 145 trucks sold direct to farmers in the prairie provinces. It appears in the small table at the bottom of this sheet that no sales have been made direct to farmers in the three prairie provinces from November, December and January. Is there any reason for that?—A. The reason is the non-availability of the vehicles.

By Mr. Marquis:

Q. I do not want to press you for an answer this morning, but with reference to the groups who requested some vehicles, I would like to have an answer at the next sitting. Are there any other groups within the l'Union Catholique des Cultivateurs, and the Quebec Council of Farm Forums? What is the Quebec Council of Farm Forums? And what are the names of the other groups or corporations or bodies who made requests? Have you had many requests from private individuals? I do not want the names of such individuals, but I would like to know whether you have had, say two hundred, three hundred, or a thousand applications from individuals making requests for vehicles? I would like to know who are the members of that Quebec Council of Farm Forums?

Mr. SHAW: Are we to assume, then, following Mr. Stewart's question, that there have been no trucks declared surplus other than those listed as having been sold in Alberta, Saskatchewan and Manitoba? You have no trucks on hand in those provinces which have been declared surplus? Is that correct? You have no projected sales there up until January 4. It might be interesting to know then—of course, this is not in your field—but I would like to know where a lot of those trucks went out of the prairie provinces, possibly to be declared surplus? I am not unmindful of the fact that at Red Deer we had more on hand than in two or three points in Western Canada. Now, they closed Red Deer. I shall have to find out where those trucks went after they closed Red Deer. I would like to know if you have at any time received trucks from Red Deer as surplus; I mean, declared surplus at that point, Red Deer?

Mr. J. H. BERRY: I am afraid that material, when it reaches us, loses its identity as to the actual location it came from.

Mr. SHAW: How then are we to guard against trucks which are surplus, and which are going to be declared surplus, being moved completely out of the prairie provinces and then declared surplus in some other section of Canada?

The WITNESS: Your question about Red Deer can be answered.

Mr. SHAW: I would like to know that; they had a tremendous number there.

Mr. GOLDING: On the second page—the margin of profit and the process and method of distribution—does this mean that there is only \$250 margin on a truck that you sell for \$350?

Mr. REID: The committee would like to know that because it is very interesting.

Mr. COTE: Yes, and the following paragraph.

Mr. GOLDING: That is a pretty high margin for a \$350 truck, \$250 profit?

Mr. McDONALD: Two items alone amount to \$325, right there.

The CHAIRMAN: We will try to give you your answer, Mr. Golding. Mr. Peterson, would you deal with that question now?

The WITNESS: The dealer's margin is not all profit. He takes delivery of the truck where it is. He does not see in advance the truck which he is going to get. The trucks are allocated to him, not by the corporation, but by the other bodies that we have discussed before. So the dealer gets either a good truck or a bad truck, and he takes delivery of it where it is. He has to go and pick it up, to load it, and to transport it to his place of business. There is an arbitrary provision made for that of \$40, for the cost of transportation. Then, there is the provision of \$35 set up to cover the general cost of handling. Then he has to take care of the reconditioning and repainting. He must, under the regulations, repaint it. The method of pricing trucks that are sold by the corporation through the dealer is a method of hitting averages. Each individual truck is not taken and specifically examined to determine how much reconditioning is involved in that given truck; but we do take the hundreds, over-all, and strike an average for the reconditioning required. It is possible, and the dealers sometimes complain, that the trucks they get simply do not give them, under the arrangement made, any room to turn around in.

By Mr. Golding:

Q. You did hold auction sales at which you sold trucks direct to the farmers?—A. No, sir. The first sale to the farmers was an auction sale only in the sense that it was a collection of farmers assembled, after advertising, to discover what the farmers would be willing to pay for these non-standard items, particularly field artillery tractors, which had never been sold before. So, before marking them for distribution and sale to farmers, we wanted to get the farmers' views on what they were willing to pay. The initial prices were established at that auction sale.

Sales made to farmers ever since have frequently been referred to as auction sales, but they are not such. They are the drawing out of the hat that takes place on the day the motor vehicles are distributed. There is no auction, in that sense of the word, at that time.

Q. But didn't you hold a sale at London where you sold trucks to the farmers?—A. That was the first one, Mr. Golding.

Q. Then, the Federation of Agriculture had to O.K. anybody, or any farmer, wished to purchase them. He had to be O.K.'d by the Federation of Agriculture as to who he was. At the time of the sale, or distribution, or drawing, any farmer present who had belonged to the society was invited to put in his name for the drawing at that time.

MR. GOLDING: The only thing I am thinking about is the margin of profit on a truck of this sort. I know there are a lot of farmers who have spoken to me, and they were wondering why they could not buy direct from the corporation instead of having to pay this margin of profit which, in many cases, they considered pretty high.

MR. REID: The question I had, Mr. Chairman, was this. Let us take one case as an example. Suppose the ceiling price of a truck was set at \$560 and the dealer obtained it; and he is allowed \$40 towards the cost of transportation, \$35 towards the cost of handling, for reconditioning and painting, he is allowed up to 20 per cent. Suppose the whole cost there is \$175, and the ceiling price set by the Wartime Prices and Trade Board is \$560. What price will he charge, or what price is he allowed to charge to the farmer who buys from him? I want to get it clear in my mind just how much profit he can make or is allowed to make on the sale of a reconditioned truck. Suppose it costs \$100 to repaint and recondition, that there is \$40 towards cost of transportation and \$35 towards the cost of handling, and that he has a vehicle that under the ceiling must sell for \$560. I want to know how much he can make if that were the situation. If you can give us the answer to that, perhaps it will answer a lot of the other questions in the minds of members.

THE CHAIRMAN: The answer is quite simple, I think. It is \$75, as far as I followed you. Is that right?

MR. REID: He speaks about a margin of \$250 which leaves confusion in the minds of some members—at least it does in my mind. I am not clear as to what profit he can make. I want to know what profit he can make, and I am citing an instance, because I have had instances drawn to my attention where a man says the dealer makes more profit than he ought to make.

MR. MCGREGOR: Mr. Chairman, probably you could clear up that point by answering the question as to where this \$250 goes on an article, we will say, selling at \$350. The dealer gets \$250 and the government gets \$100. Where does the \$250 go? Does that go direct to the man that sells it or is it split up between the dealer and the automobile association or whoever it is that handles it? Does the dealer get it all or does the automobile association get something for handling it?

THE CHAIRMAN: While Mr. Peterson is looking up his notes, I will try to answer Mr. Reid. As I understand the situation, he quoted \$175, made up by adding together the \$40, the \$35 and the \$100, roughly. The gross profit which is allowed to the dealer is \$250. Taking the \$175 from the \$250, it allows him \$75 net on the transaction.

MR. REID: Hold on, there. Is he not allowed \$40 on that \$175 for cost of handling?

THE CHAIRMAN: You cannot pay it out and make it.

MR. REID: I want to know what happens to the extra money.

THE CHAIRMAN: You cannot pay out that \$40 for help and still make it. You cannot pay out \$35 for handling and still retain it.

MR. REID: No. But in the total of \$175 that I quoted, he was then paid at that moment \$40 for handling, and I want to know where the \$100 went, the extra money. He has been paid the \$40 for handling. He has been paid for painting and reconditioning. He has been paid for transportation and it all totals up to \$175. Now I am asking the question what happens to the balance of the money? Who gets it?

MR. DEROCHE: He gets \$75 and the crown gets the rest.

THE CHAIRMAN: Will you read this, please? It says: "This margin of profit to the dealer provided for . . ."

Mr. REID: In the instance I quoted, it provided \$40, \$35 and the 20 per cent. I have quoted this case and it totals up to \$175. I am asking what happens to the balance of the money? Who gets that? It must be an extra profit.

Mr. STEWART: To clarify this situation, suppose Mr. Peterson checks up my figures and they may shed a little light. The vehicle costs \$350. The price the government gets is \$100. The dealer gets \$250 out of which he pays \$40 for transportation, \$35 for handling and an average of 20—that would be per cent—for repairs. So in the case of a vehicle retailing at \$350, the dealer makes a profit of \$155. In the case of a vehicle retailing at \$560, the dealer would make a profit of \$113 except—

The CHAIRMAN: Except that you left out the painting.

Mr. STEWART: Yes.

Mr. McILRAITH: I want to point out that painting is compelled by regulations and is not included in the deal.

Mr. STEWART: It says right here, re-painting may cost approximately 20 per cent.

Mr. SHAW: Mr. Chairman, are you finished with that?

By Mr. Benidickson:

Q. Just one question on that, Mr. Chairman: if that same truck were sold to a farmer what does he pay, does he pay the ceiling price to the corporation? We will assume in this time of marked scarcity that the ceiling prices prevail, apparently every time a truck is sold, on a \$350 truck; how was that \$350 truck sold direct to the farmer; whom does he pay, and how much does he pay?—A. You realize that the farmer would not be sold these civilian type of trucks; the farmer is only sold the military type of truck or tractor on which a definite price is established, and he does his own re-conditioning. I think in answer to the questions put by Mr. Reid and Mr. Stewart we should get some actual examples of what the costs of re-conditioning were and what actual profit was made on these low-price vehicles.

Mr. BENIDICKSON: Then the farmer is buying the truck as is, of a military type, and as shown on page 4 of this document.

The CHAIRMAN: Gentlemen, I did not realize it was 1 o'clock.

Mr. SHAW: I would like to make one statement further on this question, because I think it is important. At Red Deer they had a tremendous number of these vehicles. They closed Red Deer and moved the vehicles out although they had a surplus of machinery. I believe it is only fair and proper that a certain number of these vehicles which were used at that point should be back to Red Deer to be disposed of. There are a number of arguments to support that, and here is only one: they did a tremendous amount of travelling over the dirt roads of the municipalities and tore them to pieces. The farmers are taxed higher as a consequence in order to maintain these roads. I would urge very strongly in cases like that that the vehicles should be sent back to Red Deer and be disposed of to the farmers.

The CHAIRMAN: Is it your pleasure that we should sit this afternoon, or as previously arranged, on Tuesday?

Mr. PROBE: Might I get one question answered before you adjourn, I think it is important. There seems to be a considerable discrepancy between the number of vehicles on the horizon, and the number sold; now, have any considerable number of these vehicles been returned to the manufacturing companies by War Assets Corporation?

The WITNESS: None, as far as I know.

Mr. PROBE: None at all?

The WITNESS: No.

Mr. PROBE: That is fine.

Then I want to ask the Crown Assets Allocation Committee—I want to know that allocation is definite—do you make any agreement with the manufacturers for taking back any of these surplus assets?

Mr. BERRY: I think in my brief, Mr. Chairman, I made the statement on that general question of returns to manufacturers, and there was no agreement with manufacturers relative to that.

Mr. SHAW: May we complete the discussion on the organization of the corporation at the next sitting? I understand there is a chart ready. We have jumped from organization to individual commodities. I think it is a mistake.

The CHAIRMAN: I think we had better continue with Mr. Peterson. Then we will go on with Mr. Berry who will present a brief on behalf of Mr. Malley.

The committee adjourned at 1.05 p.m. to meet again on Tuesday, December 4, 1945, at 11.45 o'clock a.m.

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SESSION 1945

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

ON

TUESDAY, DECEMBER 4, 1945

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation;

Mr. G. H. S. Dinsmore, Director of Lands and Buildings Department, War Assets Corporation.

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MINUTES OF PROCEEDINGS

TUESDAY, December 4, 1945.

The Special Committee on War Expenditures and Economies met at 11.45 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Castleden, Cleaver, Coté (*Verdun*), Golding, Isnor, Marquis, McDonald (*Pontiac*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw.

In attendance: Mr. J. H. Berry, President, War Assets Corporation, Mr. G. H. S. Dinsmore, Director of Lands and Buildings Department, War Assets Corporation, Mr. C. Gavsie, General Counsel, and Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

The Chairman read a communication from Mr. J. M. Macdonnell, M.P., a member of the Committee, requesting information in relation to certain sales by War Assets Corporation.

Owing to the illness of Mr. F. O. Peterson whose evidence was to be resumed at the present sitting, Mr. Berry was recalled. He stated that he hoped to be in a position, at the next sitting, to give information on certain questions raised in the course of Mr. Peterson's evidence.

On behalf of Mr. H. R. Malley, Vice-president in charge of supply, Mr. Berry read a brief on the organization and functions of the Supply Department and was examined thereon.

Witness retired.

Mr. Dinsmore was called. He presented a brief on the organization and operations of the Lands and Buildings Department.

On motion of Mr. Benidickson, it was agreed to dispense with the reading of Mr. Dinsmore's brief provided that it be included in the Minutes of Evidence and that no questions be asked at this sitting with respect to lands and buildings.

Witness retired, and Mr. Berry was recalled, further examined, and retired.

At 1.05 p.m., the Committee adjourned until Thursday, December 6, at 11.45 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
December 4, 1945.

The Special Committee on War Expenditures and Economics met this day at 11.45 a.m. The chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, may I at this time put on record a letter received from Mr. J. M. Macdonnell, M.P., asking for certain information. It reads as follows:

1. Full information re the sale of Canadian Propellers Ltd., Montreal.
2. Full information concerning the sale of certain parts of the John Inglis plant to (I understand) one Addison.
3. The connection of this sale with the sale of (I understand) building known as York Arsenal, at Toronto.

Yours sincerely,

J. M. MACDONNELL, M.P.

Mr. SHAW: Mr. Chairman, was it not agreed that all such correspondence would go to the steering committee?

The CHAIRMAN: Yes. But Mr. Macdonnell suggested and in this letter asked me to place this before the steering committee. In view of the fact that we will not have very much opportunity to first discuss the suggestions as contained in this letter before the steering committee, I felt I should place it on the record to-day, as it was put in writing, so that the information would be available at the next meeting in the same way as though he had asked the questions to-day. I trust that meets with your approval.

Mr. CLEAVER: I think Mr. Shaw is right, and that these letters should go to the steering committee first, so that they will be dealt with by the steering committee before getting into the press.

The CHAIRMAN: Yes. I will be guided by your advice in this connection in regard to my future actions. I thought I was doing something that would hasten the work of this committee.

Mr. Peterson was the witness at the adjournment of our last meeting. Unfortunately, Mr. Peterson is unable, due to illness, to be with us to-day. He had prepared a statement in answer to the questions raised at the last meeting. I do not know whether Mr. Berry will have those replies complete, but in any case Mr. Berry was scheduled to follow Mr. Peterson. He will, on behalf of Mr. H. P. Malley, submit a brief concerning the supply department. Unless there are other matters I will immediately call on Mr. Berry to speak on behalf of Mr. Peterson and follow that statement with his brief on behalf of Mr. Malley.

Mr. J. H. BERRY, President, War Assets Corporation, *recalled*:—

The WITNESS: I should like to explain, Mr. Chairman and gentlemen, that Mr. Peterson unfortunately was taken ill last night and, according to my information this morning, is in bed running quite a high temperature. As a result of Mr. Peterson's illness I have not available with me the answers to the questions that he prepared in conjunction with the other officials of the corporation. We made a brave effort to get the answers down over the tele-

phone this morning, so that I could present them here on behalf of Mr Peterson; but unfortunately the answers and the questions were so long and involved so much paper that I could not get them done in time. I am hoping to have them here at our next meeting on Thursday, Mr. Chairman.

There is one other statement I should like to make. At the last meeting I mentioned that we had not sold any trucks to manufacturers. That statement is still correct, but I think I must qualify that by saying we are at the moment negotiating with a United States manufacturer's representative in Canada for the sale of trucks to him for distribution in Canada. These particular trucks are boxed ready for shipment overseas. They were ordered by the army. They are now surplus to requirements and have come into our hands. I thought I should like to mention that.

By Mr. Golding:

Q. What type of trucks are they? What make of trucks?—A. These particular trucks are known as F. W. D.: trucks; four-wheel drive trucks.

Mr. REID: Just why do the United States get the first preference?

By Mr. Probe:

Q. That question was asked of Mr. Peterson and Mr. Berry at the end of the last session by myself. I should like to tie the information given by Mr. Berry this morning in with this question at this time, in view of the fact that Mr. Berry says that negotiations are under way whereby some of these vehicles are being disposed of to manufacturers' agents. As I understood the drill that was laid down for the disposal of all war assets material, certain priorities were to be honoured before any such arrangement would be undertaken; that is disposal by any other means. Is it the intention to ignore the priorities at this time in the making of that deal?—A. I think I can reply to that question quite simply. This deal that we are making with the manufacturer at the moment involves a total of 10 trucks. Actually, on the report of surplus that came to us covering this particular type of truck, there are 84. The trucks are not completely knocked down but semi-knocked down and boxed for shipment overseas; and the manufacturer I think would have to take them back again and rebuild them so they would be ready for the domestic market. So that we are making a sale of these 10 to begin with, to see what happens in connection with that. But there are a further 74 from that same report of surplus to fill priority needs.

Q. When speaking about 74 trucks we are merely talking peanuts. We have hundreds of thousands of vehicles somewhere in this country. It was stated last day or in the last few days that something like 3,000 odd trucks had been disposed of through normal channels, and we were also informed by various members of the committee that thousands of individuals are anxious to get their hands on these trucks. Without disturbing the present market, which apparently is the object of War Assets, we have an opportunity to dispose of many thousands of vehicles at a time when we cannot get them from the regular manufacturing sources. I feel it is Mr. Berry's responsibility at this stage to see that these get out to the ultimate consumer. In further reference to that I wanted to try to find out what has happened to this large body of supplies that we must own in this country. Have we had direct sales say to UNRRA or to foreign buyers without reference to the drill laid down for the disposal within Canada? That is, I should like to have Mr. Berry give this committee a breakdown of the total number of this particular commodity, vehicles of all types, which might be useful to farmers and other people in Canada, from the basis of the number that has been declared surplus and what has happened to that number that has been declared surplus to date. As I

say, the sale of 3,000 vehicles, or the disposal of these 10 at the moment, is peanuts as far as Mr. Berry's disposal job is concerned. Where are the other tens of thousands of vehicles? Could we get from Mr. Berry, Mr. Chairman, a breakdown—not today necessarily, but within the next couple of days—as to what has happened to all the vehicles that War Assets has had? Then, further, of course, I should like to know if there is short-circuiting or could there be a short-circuiting of sales before the materials ever get to War Assets Corporation at all, within his knowledge?—A. I will prepare an answer to that.

THE CHAIRMAN: Mr. Berry will prepare an answer to that question.

By Mr. Castleden:

Q. How is the price of these F.W.D. trucks arrived at with regard to the corporation? I believe it is in Kitchener.—A. Yes.

Q. That is the Canadian assembler?—A. That is right.

Q. They are manufactured in the United States, I understand?—A. That is correct.

Q. You stated that only assemblers would be able to put these back into shape where they could be used. It is not true that they are boxed merely with the wheels off, and that about the only operation that has to be performed is to put the wheels on them?—A. I could not answer that question specifically. There are certain other things to be done. The truck was built for war purposes, and to my knowledge there are things like dim-out fixtures on the lamps and various other adaptations made to the trucks.

Q. Yes. I think there are some small things.—A. But I think possibly a good dealer could assemble the trucks successfully.

Q. From where they are now?—A. Yes.

Q. The other thing I should like to know is this. Could we have the assurance that these will be made available in Canada to other people at the same prices you have reported the F.W.D.?—A. I think I can answer that one fairly well immediately. The price for the trucks is fixed in a backwards way. We first of all obtain from the motor vehicle controller the ceiling price at which the truck shall be sold to the ultimate consumer, and he fixes that price in relation to a similar type of truck; that is a commercial type. From that we deduct certain charges in relation to unboxing, reassembling, regular dealers' discount and factors of that type until we arrive at a specific figure at which we deliver to the manufacturer's agent or the assembler.

Q. Or the dealer agent?—A. Or the dealer agent. So that you get all the facets there. You get first of all the manufacturer's price, including the allowance for reassembling and all the work he does on the thing, plus the dealer's discount, which is all established in that price formula, and that is the fixed price to any authorized dealer.

Q. Is the priorities branch of your organization informed fully of these trucks and what is available?—A. As to the 10 trucks that are being sold, the sale of these trucks will be made under the motor vehicles controller's jurisdiction, and they will go to essential users. The priorities in relation to the distribution of these to individual users is carried out by the rationing officer in the field, so that the distribution of these 10 trucks from the manufacturer's agent will be directly under the jurisdiction of the motor vehicle controller.

Q. What about the other trucks after these have been disposed of?—A. The other trucks can be applied against the priority requirements as necessary.

I think I might mention again there, gentlemen, the trouble we have. Meeting this priority is quite an involved business, and it is very difficult to determine who should get it and who should not, because we are still trying to meet essential users' needs.

Mr. PROBE: Priorities were put on for a specific purpose; and I understand that there has been a lot of trouble honouring the priorities, which involved a good deal of difficulty within the administration of War Assets Corporation.

The CHAIRMAN: When you speak of priorities, are you referring to the procedure that was set up?

Mr. PROBE: To establish priorities.

The CHAIRMAN: Yes.

Mr. PROBE: There are certain governmental departments, 10 of them specifically—that is, the federal government, the 9 provincial governments, and then other public bodies—that have priorities.

The CHAIRMAN: Yes.

Mr. PROBE: I think that thing could be solved simply, in spite of what Mr. Berry has said, and it could be done in this way.

When Crown Assets Allocation make their declaration of any surpluses to the War Assets Corporation would send the same sheets of which we have copies on to others who are interested, and more particularly send copies of these to the priority bodies such as the provincial governments or the federal government departments, and say, here, you have got two weeks to fix up any of these priorities, and at the end of that time they go through the regular distribution machinery that we have had set up for dealers' organizations and so on. It would seem to me that with a lag of a week or two all this trouble which is being created by these priorities would be met and domestic or veteran bodies who would be interested in getting these things would have an opportunity of seeing what is available. I have been informed that the priority dealers have no idea what is being made available and I think a certain arrangement would be of material assistance in your distribution problem, and you would make it possible for the people of Canada to get materials which they happen to desire. You have a brief here from the educational institutions representing all the educational institutions of the Dominion of Canada. They want to have certain of these things given to them on indefinite loan. They haven't a Chinaman's chance of getting them unless you push them on to them, and the only way you could do that is by informing them of what surplus you have available. I would send your chits over to the War Assets, distribute them to the various priority people, say the provinces, and they can pass that information on to the proper supportive bodies to pick them up and set a two or a three week limit on that. What is wrong with that?

The WITNESS: We have considered that, and I am afraid that offer has administrative difficulties that spread right across the field, and it would involve practically all of War Assets Corporation. It would still cost us an immense amount of paper to do that.

Mr. PROBE: Pass the paper work on, leave it to the provincial government to pass that information on and set up their machinery on that. I do not think that is the concern of this body at all if they break it down; unless something of that kind is done they will never dispose of their assets.

Mr. McILRAITH: That would not affect the priorities which the municipalities now have.

Mr. SHAW: We were to have a brief statement on merchandising, I understood.

The CHAIRMAN: Yes.

Mr. SHAW: I think we should have the statement on merchandising and then we can discuss the priority set up. I have a number of recommendations which I did not like to put forward before I heard the statement.

The CHAIRMAN: We will proceed.

The WITNESS: I have no report on merchandising.

Mr. SHAW: I refer to the organization affecting the merchandising angle of it.

The WITNESS: I have been looking through the brief which I had put before me, it was prepared by the head of the department, and I gather that it deals more with personnel matters than it does with organization; and I think that the organization end of the picture is covered generally in these several briefs that we are presenting on each department.

Mr. SHAW: For example, we were to discuss a chart, which I believe is available somewhere, and out of that will come discussion or merchandising.

The WITNESS: Mr. Chairman, I have delayed presenting the chart because it is not complete, not quite ready for distribution; and the reason behind that is the fact that we have only just appointed the vice president in charge of merchandising and I must give him some time to organize what he is going to set up.

Mr. SHAW: Then, let's put this question to you; we have been merchandising or selling surplus crown assets to a value of \$6,000,000 to \$10,000,000 a month and your organization is not yet complete; what do you say about that?

The WITNESS: I would say the organization not being complete, is doing a pretty good job at the moment.

Mr. SHAW: I am not for a moment criticizing that, but you have been disposing of a tremendous volume of goods and you are endeavouring to set up the machine with which to do it, and I rather question your statement if you were to go so far as to say that you are doing the most effective job in merchandising; I think you must have this organization complete.

The WITNESS: Right.

Mr. SHAW: I am a little bit concerned about this rapid merchandising until your organization is complete. For that reason I think we ought to give some attention to organization.

The WITNESS: As far as organization is concerned, this \$6,000,000 a month we are running at at the moment is not the limit. I do not know what figure we will get up to, but I have a target set at the moment of \$10,000,000 a month, I think we will reach that very shortly.

Mr. SHAW: I think much of the criticism that has been directed at your organization is attributable to the fact that your organization has not been completely set up, that is why I stress at almost every meeting that I am more vitally concerned about your organization than I am about these individual acts of disposal because if there is any weakness in your machinery you are bound to make errors with respect to disposal and you are apt to be criticized as a consequence of that.

The CHAIRMAN: Suppose we hear the brief that Mr. Berry has here, Mr. Shaw, and see how it fits in with your ideas.

Mr. GOLDING: After all, Mr. Berry, you are trying to do exactly what Mr. Shaw suggests should be done, you are trying to improve your set up; isn't that correct?

The WITNESS: Yes.

The CHAIRMAN: If we hear this statement we shall know whether it can be improved on.

Mr. SHAW: Let us not have any misunderstanding. I am only trying to urge that you should be afforded every opportunity to complete your organization as rapidly as possible, and I am concerned about disposals while that machinery is in an incomplete stage. That is my major concern with respect to the whole thing.

Mr. REID: I wonder if we could hear the brief from Mr. Berry?

The CHAIRMAN: Yes, we will proceed with the brief which is now being distributed.

The WITNESS: While it is being distributed may I make just a short statement about the chart? I ran over it on Saturday morning last with the members of the organization and they have taken it back to Montreal for reproduction in final form, and I am hoping it will be with us next week. At that time I propose to make some general comments on the chart myself.

The CHAIRMAN: We will have to be here next week for sure if we are going to see it. Will you proceed, Mr. Berry?

The WITNESS: Mr. Chairman, gentlemen:

The supply department of War Assets Corporation has only recently been set up and has functioned as such since the first of October, 1945.

This set-up was considered necessary as a part of the revamping of operational procedure brought about by the immense and sudden increase in the amount of material the corporation was called upon to handle. This change provided, in part, for establishing a processing technique responsible for receiving, screening and preparing surpluses for the sales department. This new system differed from the previous system as it allowed for all screening and processing by one source in place of by each sales division as was formerly the case. With such an increased volume of business as now being experienced the new system reduces complications and will expedite clearances to the sales division.

The supply department is under the direction of a vice-president and is divided into six main divisions, each in charge of an assistant supply manager or a director.

Procurement Division.

The assistant supply manager in charge of this division is also secretary of the Crown Assets Allocation Committee. This allows all surplus listings to be screened promptly and passed to the supply department for action. The surplus declarations are then processed through to the

Clearance Division

An assistant supply manager is in charge of this division and is charged with the responsibility of clearing all plants and depots of surplus materials. In accepting surpluses this division must check all declarations physically before giving clear receipts to the custodian. The materials must be screened for type of surplus to advise the sales department as to whether materials are new, used or scrap and classified to enable the sales department to readily distribute lists to the proper sales group for action. In most instances, some time is allowed to sell on site and then moved into warehouse for sale from that location. In some instances, it is found necessary to remove material from plant or depot without waiting for sale on site. This is in order to allow the custodian to provide space for post-war work. In this case material is immediately moved to warehouse.

In providing for the new system, the headquarters for the supply department has been set up in Ottawa. Owing to the close contact required with the various government departments, it was considered that Ottawa was the logical location. Various sections of the clearance division have been set up in order to localize the declarations. For instance, all army declarations are processed under the guidance of an "army section" and complete liaison is maintained with responsible army officials which will expedite the clearance of their declarations. This same system is followed with the navy and the air force and the Department of Munitions and Supply.

The heads of these various sections are men experienced in the particular phase of the work allotted to them.

In such a country-wide activity as ours, it is found necessary to decentralize the work as much as possible. Five main regions have been set up across Canada and a regional supply manager appointed in each region to carry on the local work of the supply department.

The sections of the clearance division in Ottawa send the necessary declarations and instructions to the regions and the local supply manager is responsible for the clearance of all local declarations. A staff of clearance inspectors is employed to clear plants or depots by screening and listing all material. These inspectors must be experienced in plant and stores operations, but should it be required to clear special stores of a technical nature, they are required to call on such technicians for assistance. Such list, properly categorized and classified, is sent to the sales department for their immediate use. Plant clearance officers are required to give receipt for material received and such receipts are only given for material physically accepted.

Material not sold on site is removed to warehouse after a certain pre-determined period. This is handled by the

Warehousing Division.

An assistant supply manager is in charge of this division and is charged with the responsibility of storing all surplus materials which must be removed from plant or depot. This division is setting up warehouses with full warehouse procedure, issuing inventories to the sales department. This division is administered from Ottawa and operates in regions through the regional supply manager.

The vast amount of material which is to be disposed of makes it necessary to set up a large and efficient warehouse operation. Canada cannot absorb in a short period the huge stocks made surplus and means must be found to properly warehouse them. One of our greatest difficulties so far has been to secure adequate space, particularly in Ontario and British Columbia. The approximate position in warehousing is as follows:—

Ontario	8 Warehouses	750,000 sq. ft.	65% Occupied
Quebec	7 Warehouses	685,000 sq. ft.	75% Occupied
Maritimes	1 Warehouse	140,000 sq. ft.	60% Occupied
Manitoba and			
Saskatchewan	1 Warehouse	125,000 sq. ft.	35% Occupied
B.C. and Alberta.	1 Warehouse	35,000 sq. ft.	80% Occupied

A large proportion of the above is in unheated premises and the main difficulty is in securing heated buildings for perishable articles. Our main object is to secure crown owned buildings so as to avoid as much as possible the expense of rented premises.

A perpetual inventory is maintained in all warehouses and detailed inventories issued every two months for the sales department.

The maintenance of warehouses is of considerable proportions and a maintenance section is maintained under the warehousing division for the upkeep of all premises and for checking all such expenses.

Traffic Division

This division arranges all freight movements and is responsible for checking freight classifications, arranging routing and all handling of commodity matters. Headquarters is in Ottawa with branch offices under the regional supply managers.

Security Division

This division arranges for the proper guarding of government property under the care of the Corporation. This division also scrutinizes visitors and others

so that only properly authorized persons are admitted to premises. A contract exists with the Canadian Corps of Commissionaires who are wholly recruited from veterans.

Reclamation Division

The No. 1 reclamation division is located at Valleyfield, Quebec, and was first established on October 3, 1944, under the supervision of the army salvage and disposal board. On April 14, 1945, this depot was taken over by War Assets Corporation.

Nature of the work remained essentially the same, that is, the reconditioning of all types of army, air force and navy clothing and the repairing of footwear for sale to U.N.R.R.A., the Red Cross Society and other relief agencies. This entire plant comprises 54 buildings. The various types of clothing which are processed at this plant may be summarized as follows:—

Battle Dress Clothing

The garments processed are trousers, jackets and blouses, B.D. and the total turn out is approximately 4,000 garments per day. This department processes only dyed garments received from the dyers which have been previously conditioned.

Khaki Drill

This comprises shorts, trousers K.D., shirts cotton and jackets K.D. received from the dyers. Approximately 3,000 items per day are turned out. "K.D." stands for khaki drill, I believe.

Greatcoats

Daily average of approximately 600 garments.

Miscellaneous Clothing

All miscellaneous clothing not handled by the above mentioned departments, such as blankets, vests, drawers, socks, gloves, mitts, mufflers, etc., are conditioned in this building and approximately 4,000 items are turned out per day.

Footwear

The work in this department comprises certain minor repairs of footwear, the condition and packing of all leather and rubber footwear for sale and, in addition, packing of rubber scrap for sale. All footwear necessitating extensive repairs is sent by this department to the Kingston and St. Vincent de Paul penitentiaries and the internment camp, P.O.W., Sherbrooke. About 3,000 items are turned out per day.

A quantity of clothing received is beyond repair. This condemned clothing is torn up by machines into rags which can be used as wiping cotton and is shipped back to the army and the air force. The average output is approximately 40,000 lbs. per month.

The following table will give an idea of the activities of this division:—

Garments received from ordnance & equipment depots....	2,091,728	Units
Garments sent to dyers		
Milmar Dyers—Montreal	}	... 882,563 Units
Ever-Ready Cleaners—Toronto		
Dom. Silk Dyeing & Fin. Co.—Drummondville		
Collin's Bay Penitentiary—Collin's Bay		
Otto Homuth & Sons—Preston, Ont.		
Rapid Dyers Registered—Valleyfield		
Joy Cleaners—Montreal		
Montreal Blanket Co.—Montreal		

Garments baled in various work-shops.....	2,816,164	Units
Garments shipped to:		
U.N.R.R.A.	385,110	
Red Cross	540,807	
Other relief agencies	172,113	1,098,030 Units
Footwear received from ordnance & equipment depots.....	374,368	pr.
Footwear sent to penitentiaries to be repaired	45,585	pr.
Footwear repaired in our own plant	42,900	pr.
Footwear packed	268,617	pr.
Footwear shipped to:		
U.N.R.R.A.	120,240	
Red Cross	104,770	
Other relief agencies	69,650	294,660 pr.
Total produce baled (clothing & cardboard)	698,175	lbs.
Total produce baled (bags, scrap, rubber footwear	281,340	lbs.

General

Directional information has been issued to all employees to enable them to follow the requirements of the Corporation in supply matters. These instructions are intended to standardize the many and various operations in clearing and warehousing and to provide the sales department with all the necessary services to enable them to function.

In addition to the main regions, there will be sub-regions allotted. A sub-region is now in operation in the Prince Rupert area where there will be very large surpluses of U. S. A. material in addition to Canadian. A further region may be set up in the Peace River or North West Territories.

A separate section administers the United States surpluses in Canada. In the case of immovables, a joint appraisal determines the value of properties which are taken over by Canada. In the case of supplies and other movables, the supply department screen and list for the sales department in the usual way, segregating material from Canadian so that proper accounting is made in accordance with arrangements made by the sales department.

By Mr. McIlraith:

Q. There is just one question I want to ask about the second last paragraph on page 6. You say:

"A sub-region is now in operation in the Prince Rupert area where there will be very large surpluses of U.S.A. material in addition to Canadian."

I take it that the United States material which you handle is handled by you as agents for the United States authorities. Is that correct?—A. Relatively correct, yes. The arrangement on United States material of this type in Canada is that on immovables—that is buildings and things that cannot be moved out of Canada—we have a joint appraisal, one appraiser appointed by the United States authorities and one by the Canadian government with power to call on a third man if necessary. They make a joint appraisal of the immovables and we then pay the United States government for that immovable the appraised value and take it over so that it becomes Canadian government property.

MR. REID: Are we ready for one or two questions on this brief or are we proceeding with another brief? If questions are in order I have one or two I want to ask on this brief.

THE CHAIRMAN: Mr. Berry has one more brief to present to the committee. I think perhaps we had better have that.

THE WITNESS: The next brief is quite extensive.

The CHAIRMAN: Perhaps we will have time to put that on the record so that it will be before you. Is that agreeable, Mr. Reid?

Mr. REID: Quite agreeable to me.

The CHAIRMAN: Mr. Berry wishes to put on the record the answer in reference to the questions raised by Mr. Castleden and Mr. Shaw in regard to the location of the various warehouses.

The WITNESS: In the maritimes the warehouse is at Lakeburn, New Brunswick. For Manitoba and Saskatchewan it is at St. James, Manitoba. For British Columbia and Alberta it is at Vancouver, B.C.

The CHAIRMAN: I will now call on Mr. Dinsmore.

C. H. S. DINSMORE, Director of Lands and Buildings Department, War Assets Corporation, *called*

Mr. McILRAITH: What about the corrections?

The CHAIRMAN: Gentlemen, there are certain corrections to be made as you will notice in following your brief. Mr. Dinsmore will make these as he proceeds to acquaint you with the contents. Will you please follow your copy of the brief and make the necessary corrections?

The WITNESS:

WAR ASSETS CORPORATION

LANDS AND BUILDINGS DEPARTMENT

A. Organization and Scope of Activities.

At the beginning of this year the executive of the Corporation decided to set up a real estate advisory committee to supervise all matters pertaining to disposals of surplus real property. The three members of this original committee were all practical real estate men of long experience with one member coming from each of the three cities of Hamilton, Toronto and Montreal.

At the time of the formation of the committee the post of chief of the real estate division was being vacated and this remained unfilled until April 1st 1945 when the present director of lands and buildings department, also a man with long real estate experience, was appointed to the position.

Shortly after this, however, the Hamilton member of the committee resigned and this vacancy has only recently been filled by the appointment of a prominent Montreal consulting engineer of wide experience and a past president of the Engineering Institute of Canada who will advise the committee on any engineering problems which might come before it. The personnel of the committee now consists of:

E. V. Chambers, Toronto (Chairman)

J. W. Rankin, Montreal

de Gaspé Beaubien, C.B.E., Montreal

with G. H. S. Dinsmore, Montreal, as director of lands and buildings department.

The two remaining members of the original committee and the director of the department were voluntary members of the staff of the real estate adviser to the Department of National Defence and spent long periods of time on this work throughout the war years in various parts of Canada and Newfoundland. In consequence, they are familiar with many of the properties now coming to the Corporation for disposal, either from contact with these properties in the field or from dealing with them at the office of the real estate adviser in Ottawa.

It was early decided by the committee that where surplus buildings, either on Crown-owned or leased land, were sold conditional upon their removal from the property, such buildings could not be classified as real property, but

should be treated as movables. In consequence, in any cases where it was considered that the probable costs of restoration would not likely be substantial or where the use of these temporary buildings as part of a lease settlement did not exist, such surplus buildings were transferred to the construction and engineering division for sale and removal from the property.

Due to the vacancy in the post of chief of the real estate division, declarations had accumulated and until re-organization of the division could be accomplished, it was necessary to use such contacts as were retained from former associations with the real estate adviser's department to get disposals quickly under way.

Mr. McILRAITH: If I may interrupt at this point, this brief has been handed out in its uncorrected form and the press now have it. It is highly improbable it will all be given before 1 o'clock and, in any event, I note it has been taken out by the press without the corrections noted in it. Is there any direction on that?

The CHAIRMAN: Are they of a minor nature, Mr. Dinsmore? If so I do not see any harm, Mr. McIlraith.

The WITNESS: There is one correction I should like to make before it goes out. I did not have time to make the corrections. I was not expecting to be here this morning in time for this. It comes up later on in the brief.

Mr. MCGREGOR: It is suggested that the members be allowed to take the brief and read it, and then if there are any corrections Mr. Dinsome can make them at the next session.

The WITNESS: I can give you the corrections very quickly.

Mr. McILRAITH: It will save a lot of time.

The WITNESS: Some of them are merely minor. The first one is on page 9. If you look at "G" in the fourth line there is a typographical error. It says "would undertake a re-list", and it should be "undertake to re-list". On page 14 in the very last line there is a mistake in spelling "having". Page 19 is the main one. It is the last long sentence. It reads:

In the case of surplus buildings which must be removed from the land the item of cost for labour—

and you should insert after that,

—transportation and non-recoverable expenditures.

By Mr. McIlraith:

Q. Where is that again?—A. It is in the last long sentence about eleven lines from the bottom of the page. It should read:

In the case of surplus buildings which must be removed from the land the item of cost for labour, transportation and non-recoverable expenditures, and so on.

The CHAIRMAN: Eleven lines from the bottom, after the word "labour".

The WITNESS: After the word "labour". And 4 lines below that—

By Mr. McIlraith:

Q. Where are we to insert that? What are we to insert, "transportation" and—A. "Non-recoverable expenditures".

Q. "And non-recoverable expenditures".—A. Yes. And then 4 lines below that, after the word "labour" put "etc." That has reference to the insert I am making there.

By Mr. Michaud:

Q. The same thing?—A. Yes. I just put the word "etc." in there. Then if you go right to the examples on page 25, (c), "Riding National Park,

Manitoba", it is stated there that the original cost was \$321,371.74. Add the words "including equipment." That amount was not broken down into equipment and into buildings, so that the amount shown as received of \$6,200 was for the buildings only.

Q. What is it—consisting of 13 temporary buildings including equipment?—A. Yes. Then the words "including equipment" should be put in there. That amount included the equipment. It was one declaration, without being broken down.

By Mr. Marquis:

Q. You have only \$6,200 for that?—A. That \$6,200 is for the buildings only, nothing to do with the equipment at all. The equipment was sold separately.

Q. That is equipment including buildings?—A. No, it is the other way around. That is for the buildings only. The equipment was sold separately by auction. It was a prisoner-of-war camp, and the equipment of course consisted of bedding, furniture and all sorts of things.

By Mr. Castleden:

Q. Was it sold on the spot?—A. No. It was sold by auction at Dauphin on the 1st of November, if I remember correctly. But that has nothing to do with my department.

By Mr. McGregor:

Q. What do you mean by "sold by auction." Was it sold by auction sale?—A. Yes, auction sale. It is not all sold, I understand. But that is not my department.

By Mr. McDonald:

Q. Will that read "sold to Billinkoff, Marion and Nicholas \$6,200 including equipment."—A. No. For buildings only, not including equipment.

Q. Not including equipment?—A. Not including equipment. The equipment that would go with these buildings would be simply ordinary equipment that would be applicable to a building, such as heating, floors, windows and things like that.

By Mr. Marquis:

Q. Those 13 temporary buildings cost over \$300,000 and you sold the buildings for \$6,200.—A. Yes.

Q. Did you have any figure for the equipment?—A. There is no separate figure for the equipment. I believe 75 per cent of the equipment only has been sold up to date, and I think they got about just under \$8,000 if my memory serves me correctly. I was told it was \$7,925. But as I say, that does not come under my department.

Q. But the \$6,200 covers the 13 buildings?—A. The 13 buildings only, yes.

By Mr. Castleden:

Q. Have you got the original cost of those buildings?—A. No. It is in one consolidated figure and it was not broken down for us at all. Declarations frequently come through in that way.

Mr. MARQUIS: Perhaps we can have some of these buildings for the members of the House of Commons.

The CHAIRMAN: I do not know whether you caught the question or not, Mr. Dinsmore. Mr. Marquis, would you repeat your question? I should not like to have an incorrect amount shown on the record.

By Mr. Marquis:

Q. The \$300,000 was what they cost and the 13 buildings were sold for \$6,200. Is that correct?—A. The \$321,000 is the cost of the erection of the 13 buildings plus all the equipment that was in those 13 buildings.

Q. And the equipment is 75 per cent of the cost?—A. No, no.

Q. No?—A. No. I have not got the breakdown as to the buildings and equipment. We never did have a breakdown of it. It was a consolidated figure that was given to us.

By Mr. Probe:

Q. The equipment is not part of the sale price?—A. No. It is not part of the \$6,200. That is a separate part of the sale. It is not all sold yet. I believe there is 25 per cent yet to sell.

By Mr. McGregor:

Q. How much is sold?—A. I believe it was 75 per cent with a realization of \$7,925 roughly. So that the total recovery would indicate a basis of about \$11,000 for equipment, and \$6,000 for land, or around \$17,000 all told.

By Mr. Castleden:

Q. Would it be possible to get the value of the buildings?—A. We would have to go to the declaring department to get it. They did not give it to us.

Q. It should be available.—A. It will be available there, I would say.

Q. It should be available to this committee, I would think.—A. It could be obtained by asking the declaring department.

By Mr. Michaud:

Q. In other words the proceeds of the whole thing would be roughly \$16,000.—A. \$16,000 or \$17,000.

Q. Compared to the original cost of \$321,000.—A. That is right. It was a very isolated location, away up in the woods.

Mr. McDONALD: Mr. Chairman, we are getting away from the reading of the brief.

By Mr. Marquis:

Q. Mr. Chairman, may I ask Mr. Dinsmore the following question? Is this the ordinary revenue or income obtained from these sales, when you sell buildings like that? Did you sometimes not have a better income or revenue from the sales?—A. That will all be covered, I think you will find, in the brief. I will show you in the brief what the usual recovery from salvage is. Remember, these buildings have all to be knocked down. They are in a very isolated location, and they are sold by tender. There were about 12 tenders received. We accepted the highest tender. The lowest I think was around \$1,250 or \$1,275. All that is taken into account by the people who bid on it.

Q. But generally the prices are higher than that.

The CHAIRMAN: Let us now come back to the brief.

Mr. McILRAITH: Yes.

Mr. McDONALD: If he has completed giving all the corrections.

The WITNESS: Yes.

The CHAIRMAN: Page 2, gentlemen.

Mr. SHAW: Are you going to try to read all this now? If so, we are not going to be able to discuss it to-day. I suggest that we read it ourselves.

The CHAIRMAN: I am quite prepared to allow it to go on the record, if you are agreeable, and be considered as read. Then if you wish to ask questions from now until 1 o'clock, that would be in order.

Mr. SHAW: Yes.

The CHAIRMAN: I think a great many of your questions no doubt are already covered in this brief. What is your pleasure, gentlemen?

Mr. MICHAUD: Reading dispensed with.

The CHAIRMAN: And you wish it to go in the record of course, as read.

Some Hon. MEMBERS: Yes.

Mr. McDONALD: How are you going to ask questions before you have read it?

The CHAIRMAN: Well, you have it in front of you.

Mr. McDONALD: There are 28 pages.

Mr. MCGREGOR: You can read it some time.

Mr. McDONALD: I am ready to read it, as far as I am concerned; but I do not see how we can intelligently ask questions on something we have not read.

Mr. BENIDICKSON: We cannot do that to-day.

Mr. MICHAUD: What about the one we just read?

Mr. McDONALD: That is all right. But I am talking about this one.

The CHAIRMAN: What is your pleasure, gentlemen? I will be guided by you; but I certainly do not want to start a series of questions only to find that those questions have already been answered in the brief.

Mr. BENIDICKSON: I move that there be no questions with respect to land and buildings at this sitting, that we print the brief, and confine our questions now to briefs that we have heard prior to the one of Mr. Dinsmore.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: You are excused, Mr. Dinsmore. You saved yourself a lot of reading.

(The remainder of the brief submitted by Mr. Dinsmore follows.)

However, contacts across Canada have been greatly enlarged and since that time a list of the leading real estate brokers, contractors and surveyors in all principal cities has now been placed on file in the department. An arrangement has been made with the Canadian Farm Loan Appraisal Board to undertake for the corporation all valuations of farm or rural lands and this dominion government agency is now being used almost entirely for such appraisals as landing fields and aerodromes.

The advisory committee usually meets every second week and minutes of these meetings are kept. Should any important problems arise between meetings which the director of lands and buildings department feels should be referred to the advisory committee for decision, he is able to reach one or more of the members easily by telephone. All sales of real property are discussed with the Committee and, since the formation of the Lands and Buildings Department, any cases in the sale of surplus buildings (not including land) which present unusual features, are also brought before it.

During the last few weeks, the former real estate division and that part of the work of construction and engineering division relating to the disposal of surplus buildings have been amalgamated.

The fusion of these two branches of the corporation is now known as Lands and Buildings Department with the former chief of the real estate division in charge as director, Lands and Buildings Department.

The activities of this new department cover all phases of disposal of lands and buildings (except as noted hereunder) but, to clarify its scope, the various types of surplus lands and buildings, including leaseholds, have been divided into groups and the procedure used in disposal of each group detailed at length.

B. Procedure for Disposal under Separate Groupings.

Group 1. Industrial lands and buildings which are

- (a) disposed of to present occupiers for either economic or continuity of employment reasons or
- (b) disposed of to specific industrial companies in the national interest as directed by the Department of Reconstruction.

The Lands and Buildings Department, Montreal, does not deal with the disposal.

Group 2. Industrial lands and buildings which are not required to be sold under the conditions outlined in Group 1 above, but the sale of which will be subject to direction by the Department of Reconstruction, in accordance with development policies, after they have been offered for sale by tender or other means.

The Lands and Buildings Department, Montreal, on request from the Department of Reconstruction, will develop the necessary mechanics in offering for sale to the public, making it clear in any advertisement that the proposed use to which the building is to be put will be a determining factor in considering any offer to purchase. Apart from receiving and opening any tenders received and submitting these to the Director-General of Industrial Reconversion, Department of Reconstruction, Ottawa, for final decision, the Lands and Buildings Department does not deal further with this disposal. Should, however, no sale result from the tenders received or from other methods used for disposal, the surplus may be sent to the Department of Lands and Buildings of the corporation for sale, in which event the usual procedure as set out in Group 7 below will be followed.

Group 3. Multiple Tenancy Buildings.

When an industrial building is ear-marked by the Director-General of Industrial Reconversion for multiple tenancy, the Lands and Buildings Department will proceed as follows:

- (a) Real estate brokers and others considered to have the necessary experience will be requested by letter to state their qualifications, experience and facilities if they desire to apply for the management of the multiple tenancy property.
- (b) The terms under which the application will be considered will be set out in the letter to prospective management firms and fees payable by the corporation have been established as the minimum local real estate board rate for managing industrial property but no leasing commissions will be payable to managing agents.
- (c) The managing agent, however, may pay at the expense of the corporation, a maximum amount of half the regular real estate board fee for leasing industrial space, to any broker or agent who negotiates and completes a lease accepted by the corporation.
- (d) No commissions will be paid to anyone for renewing leases.
- (e) The managing agent will collect all rentals or charges for services, employ all necessary help, pay all accounts, wages etc., make all necessary deductions for income tax and unemployment insurance, draw

up all leases on approved forms developed by the corporation, arrange for the placing of any necessary insurance, supervise all repairs and alterations and submit a return to the corporation before the 10th day of the following month, showing in detail the result of the operations of the preceding month together with his remittance covering any accumulated credit balance.

- (f) The agency contract will be subject to cancellation by the corporation on thirty days' notice and the agent's books must be open to inspection by auditors of the Crown and a fidelity Bond furnished if requested.
- (g) Before renting is commenced a survey of the property is made and tentative layout of sub-divisions is planned. In so far as possible, all existing walls and lavatories are incorporated into the new layout so as to keep down costs in new construction as much as possible. Lavatories are made common to various tenants and as much variety in areas, consistent with expense in their creation, is provided.
- (h) Lists of application for manufacturing space accumulated in advance by the department, the Industrial Commissioner, the Director-General of Industrial Reconversion and any others are then consolidated. A questionnaire is sent to these applicants notifying them that space is available, inviting inspection and requesting pertinent data as to the nature of the occupancy, area required, number of anticipated employees, particulars as to insurance rates, financial standing, requirements as to live steam, gas, railway siding etc., and a variety of other data.
- (i) Applications received are submitted to a screening committee, two members of which are usually the Industrial Commissioner and the local representative of the Director-General of Industrial Reconversion. In Montreal, the Director of the Lands and Buildings Department is also a member.
- (j) All applications regarded as meeting the requirements of the multiple tenancy objective are passed to the managing agent who proceeds to endeavour to fit these applications into the available spaces and negotiate leases. The anticipated number of employees is a very pertinent point in selecting prospective tenants.
- (k) It was decided that all leases would be synchronized to expire on the same date. This date was set as of April 30th, 1951 which will mean for most tenants an assured occupancy of at least five years. The reason for this was that responsible tenants could hardly be expected to set up manufacturing machinery for a lesser period of occupancy and, on the other hand, this gives a reasonable period of time to write off from earnings at least a considerable part of the expense of dividing the building into areas suitable to multiple tenancy. Additionally, if the property is sold for future occupancy, possession of the entire plant can be secured at one time.
- (l) The two plants which have been set aside for this purpose are the former Defence Industries Plant at Verdun, P.Q., now known as the Verdun Industrial Building and the No. 23 Group of buildings of the John Inglis Company Plant, at Toronto, now known as the Liberty Buildings. It is hoped that, when fully occupied, the employment at the two plants will be between 4,500 and 5,000 employees. The amount of rentable area involved will be slightly over 700,000 square feet.
- (m) Records have been set up at head office in Montreal of these two operations. All revenues and expenditures will be studied and recorded month by month as they are sent in with the various items broken

down into sub-headings for comparison purposes. If, as and when other buildings are set aside, similar methods will be pursued unless such multiple tenancy operations are conducted as part of a plant operated and part occupied by the Crown.

- (n) The managing agent works in close co-operation with the department and refers to it for approval all matters involving contracts or expenditures of a nature which cannot be defined as normal operation. Copies of all leases are held by the Department.
- (o) In the selection of a managing agent the governing factors are the personnel which the agent can make available, the amount of personal attention which will be given and the previous experience and standing of the firm selected. Rental rates are set at or below the rates set by the rentals administration of the Wartime Prices and Trade Board and it is part of the agent's contract that all labour codes will be adhered to.

Group 4. *Properties Sold to Provincial Governments or Municipalities for Housing, Institutional or Educational Purposes.*

- (a) Land may be sold at appraised value, and no addition is to be made for services or improvements which can be regarded as having no net salvage value.
- (b) Buildings may be sold on the basis of 8 per cent to 12 per cent of the original cost, not including any services or improvements to the land on which the buildings stand which may be regarded as having no net salvage value. If on leasehold land the restoration costs of the land may be deducted from the above figure if removal of the buildings is necessary.

Group 5. *Properties Sold to Provincial Governments or Municipalities for other than purposes outlined in Group 4.*

- (a) Land may be sold at fair arbitrated figure as a result of appraisal obtained by both the corporation and the province or municipality.
- (b) Buildings may be sold at salvage value whether remaining on land or not providing buildings are purchased for use by the province or municipality and not for resale to third parties.

Group 6. *Properties Sold to Dominion Government Departments.*

- (a) Land, if not transferred direct, may be sold at fair arbitrated figure as a result of valuations obtained by the corporation and the dominion government department concerned.
- (b) Buildings, if not transferred direct, may be sold at an arbitrary figure of 10 per cent of the original cost without including services or improvements to the land on which the buildings stand which may be regarded as having no net salvage value. The purchasing department will be responsible, in the case of leased land for making its own arrangements to maintain the buildings on the site if it desires to do so.

Group 7. *Crown-owned Land and Buildings.*

- (a) When received by the department, the general particulars of a declaration are recorded and Kardex'ed.
- (b) Files of all enquiries received and Kardex'ed in advance of the declaration, including priorities, are drawn from central registry and amalgamated with the main file.
- (c) File is then passed to the legal division for examination as to the completeness of the accompanying information and documents and, if such are found to be incomplete or inaccurate, requisition is made to the declaring department for such additional documents as are required.

- (d) File is then passed to the real property section and, provided examination of the file does not divulge prior rights to purchase by former owners, priorities are now contacted. These priorities rank in order of seniority; (1) dominion government departments; (2) provincial government departments; (3) municipalities. Public bodies also rate as No. 3 priorities but junior to municipalities. These priorities are given a reasonable time to indicate interest in negotiating for the property.
- (e) At the same time as priorities are written an appraisal is requested either from a competent real estate broker or, as in the case of farm lands, aerodrome and landing fields, from the Canadian Farm Loan Board or such other appraiser as is considered competent to perform such work. Where the amount involved is of some proportions, a second or even a third appraisal may be required and sometimes an outside as well as a local appraisal is obtained.
- (f) Appraisals, when received, are studied by the Director and the Advisory Committee and, provided a negotiated sale has not already been concluded with one of the priorities on the basis outlined in Groups 4, 5 and 6 above, a selling price is set for the property as a result of this study.
- (g) If the services of responsible real estate brokers are available in the locality one may be selected as a listing broker. A contract would be entered into with him in which he would undertake to re-list the property with all other brokers in the area and commission on any sale completed by the corporation is paid on the basis of the prevailing established local rate for selling the type of property involved. This rate is set out in the agreement with the listing broker and the names of all brokers with whom the property is re-listed must also be set out in the agreement. Cooperating brokers must deal through the listing broker through whom all changes in the listing price of the property or other pertinent data are distributed. Any offers received must be submitted to the corporation for approval and any sale is subject to the approval of the Governor in Council. The listing broker for his services is entitled to an overriding commission of 25 per cent of the standard rate but if he sells the property himself only collects the same commission as would be payable to other brokers cooperating. In this way the property gets wide distribution and competitive effort should assist in reasonably quick disposal.
- (h) In cases where the services of real estate brokers are not available, other means of disposal will be employed usually by advertising for sale by tender or in isolated areas of where the value of the property is of small proportions by posting a notice in the local post office or some public building.
- (i) There is nothing, however, to prevent an individual dealing direct with the corporation if willing to offer an amount which can be recommended for acceptance based on appraisals obtained and provided that all priorities have been cleared.
- (j) When an offer has been received which appears to the director to be worthy of consideration, it is submitted to the advisory committee and, if recommended by it, a formal form of offer containing proper legal description and terms is submitted by the legal division to the prospective purchaser for signature. The full amount of cash payable is at this time required from the purchaser and the signed offer is then submitted to the proper signing officers of the corporation and recommended for completion.

The same routine is pursued where the property has been sold by tender. Advertisements for sale by tender always stipulate that any sale is subject to the approval of the Governor in Council.

- (k) Routine from here on involves the obtaining of an order in council and letters patent by means of which title is conveyed.
- (l) In the department itself, the file is passed to the records clerk responsible for recording details of the sale after any portions of the declaration not included in the sale and not dealt with by the Lands and Buildings Department have been transferred to the branch of the corporation dealing with such materials.
- (m) It should be noted that properties not sold within a reasonable period are from time to time reviewed by the committee and if considered advisable the selling price may be reduced or a listing with a broker cancelled and the property disposed of by the public tender method. In the case of aerodromes or landing fields it is considered more satisfactory to dispose of land, buildings and fences as one entity but, as the buildings on such fields are of a temporary nature and are subject to rapid deterioration from weather, theft or vandalism, it may be advisable in some cases to dispose of them separately from the land. This has happened in certain instances where the buildings have been urgently required for housing, institutional or educational purposes.
- (n) Of necessity the sale of real property of the nature described above has remained an operation of head office rather than of the branches due to the fact that legal descriptions, documents, rights of former owners, etc. are all in the possession of the declaring departments in Ottawa and must be controlled through one central point at head office.

Group 8. *Surplus Buildings which must be Removed from the Site Whether on Leased or Crown-owned Land.*

- (a) Procedure in this type of declaration is similar to that followed in sub-sections (a), (b), (c) and (d) of Group 7 above except that in addition the real property section makes a digest of any lease document to ascertain rights of lessor, responsibility of lessee and any unusual features therein contained.
- (b) Should it appear as a result of the study of the file that a negotiated settlement of the lease should be made and that the Crown-owned buildings may become part of the lease settlement, the procedure set out in Group 9 below is followed.
- (c) To save time, if the owner has prior rights of purchase included in his lease, he is at once contacted and his interest in the buildings ascertained. This would also apply to cases where no evidence exists that proper arrangements had been made for use of the land on which to erect the buildings originally.
- (d) In the interim, the branch office of the corporation in the district where the property is located is given a general description of the buildings involved and a complete field inspection report on forms especially prepared for this purpose is requisitioned. It is pointed out that, as noted in part "A" of this report, the former real estate division and part of the construction and engineering division have only recently been merged into the Department of Lands and Buildings and, accordingly, the procedure from this point on represents the present policy of that new department.
- (e) Field inspection report forms are submitted in duplicate and from such reports the property engineer of the department estimates the salvage values and probable restoration costs of the site.

- (f) Provided a sale is not made to an interested party a sales directive is then issued to the branch office accompanied by the following information:
 - (1) List of enquirers on record with the department.
 - (2) Copy of field inspection report with estimated salvage values and restoration costs.
 - (3) The tender number.
 - (4) Any general or specific information pertaining to the methods of disposal together with amount of deposit required as a guarantee of restoration of the site.
- (g) Upon receipt of this directive, the branch will proceed to advertise the surplus buildings in accordance with established advertising procedure notifying all known interested enquirers of intention to do so.
- (h) Advertisements will specify:
 - (1) That it is not necessary for a tenderer to bid on all the surplus but an offer may be submitted for any part. This is so as to reach the individual purchaser.
 - (2) That the use to which the surplus is to be put will be a determining factor in accepting any offer. This is to allow the branch manager to use certain discretion in accepting any tender under the conditions outlined in subsection (i) below.
 - (3) That, in addition to the full price of the surplus, a further deposit is required as an evidence of good faith that the conditions of the sale will be carried out by the purchaser.
- (i) The branch manager may accept tenders up to 20 per cent below the salvage values established by the property engineer and forwarded with the sales directive. This acceptance may be used in three ways:
 - (1) In the ordinary acceptance of the highest tender where no special problem arises.
 - (2) In cases where, in the proposed use of the surplus the branch manager is of the opinion that, in the national interest, a situation prevails in which it is more advisable to give consideration to a tender other than the highest tender, then he may give the maker of the lower tender an opportunity to meet the amount of the highest tender and, if so met, award the tender to such other party. A full report justifying such action must be made immediately to head office.
 - (3) Should the lower tenderer be unable or unwilling to raise his tender to the amount of the highest tender then the branch manager may not award such tender but may recommend to head office the acceptance of any lesser amount offered. His recommendation must be accompanied by a full report in justification thereof.
- (j) Emphasis has been laid, however, on the fact that the use of the discretion afforded in subsection (i) above must be used sparingly and that, subject to special considerations, the surplus must be sold to the best financial advantage.
- (k) All tenders received must be dealt with in accordance with established procedure for the handling of tenders. Tenders must be kept in locked boxes with two keys, both of which are required to open any box, held in the custody of separate individuals. Tenders received will be abstracted under two headings: "Individual Tenders" and "En Bloc Tenders". Full particulars of all tenders received and awards made must be forwarded to head office for record purposes. When only "en bloc" tenders are received contracts may be awarded within the 20 per cent discretionary limit as set out in (i) above. When individual

tenders are received for only some of the buildings tenders will be similarly awarded for those buildings and the "en bloc" tenderers will be asked to submit new tenders for the remaining buildings which in turn will be dealt with in the same manner. If no tenders are made for the remaining buildings they will be re-advertised.

- (l) On the customer's and acknowledgment copies of the sales order awaiting any tender a condition will be imposed calling for a deposit as a guarantee of the fulfillment of the terms of the contract, particularly as regards restoration of the site.
- (m) On demolition and removal of the buildings the branch manager will have the site inspected and satisfy himself that the contract has been properly carried out.
- (n) He will then notify head office that the least may be cancelled (if the buildings are on leased land) and in turn head office will notify the declaring department to cease paying rent and forward to the lessor a form of notice cancelling the lease and requesting a release of all Crown obligations thereunder.
- (o) The procedure above refers to disposals having an estimated salvage value of some proportions. In cases where it is economically unsound by reason of location or limited value to have inspections made it will be probable that reasonable estimates can be made of salvage value from information at head office. In such cases, also, advertising will be limited to such methods as the placing of notices in local post offices, public buildings, etc.

Group 9. *Lease Settlements where Negotiation is Involved.*

- (a) Lessors may fall under the following headings: Provinces, Municipalities, Institutions or Private Owners.
- (b) After the usual procedure in office routine as in Groups 7 and 8 above, the lease is studied by the real property section and the main features covering the rights of the Crown and the owner are summarized.
- (c) The director and the advisory committee decide upon a qualified negotiator to act for the corporation and such negotiator will be furnished with all pertinent data available.
- (d) The negotiator may employ, to enable him to ascertain costs and salvage values, any technical assistance he may require. With this assistance, he will obtain
 - (1) Cost of restoration of any permanent buildings.
 - (2) Net salvage value of temporary buildings.
 - (3) Cost of restoration of land.
- (e) If possible, he will obtain from the lessor a detailed statement of claim and with this and his own figures proceed to negotiate for settlement. If he obtains an offer of settlement which he is prepared to recommend he shall submit it to the corporation together with a full report. The temporary buildings may be used as part of the lease settlement.
- (f) The Director of Lands and Buildings Department will report on the negotiator's recommendations to the advisory committee and, if the latter concur in the report, a formal agreement is prepared by the legal division for submission to the Lessor for signature. The settlement must provide for a complete discharge of all the Crown's liability, cancel the lease as of a certain date and provide for all adjustments as of that date.
- (g) The negotiator may not commit the Crown to any settlement and must adhere to the terms of the lease. In certain cases, however, where the Crown has enjoyed occupancy for some years at nominal rent, it is necessary to give consideration to moral as well as legal liability.

Group 10. *United States Properties in Canada.*

- (a) Under the thirty-third recommendation of the Permanent Joint Board on Defence, an agreement was reached between Canada and the United States whereby in the case of buildings or similar installations surplus to U.S. requirements each government will appoint a qualified appraiser and the two appraisers will agree on the fair value of each facility at the time and place of appraisal.
- (b) War Assets Corporation is appointed as appraiser for the Canadian government and in turn War Assets Corporation appoints a representative to deal with the U.S. government representative in appraising these properties.
- (c) Should the two appraisers not agree on the fair market value of the facilities they will select a third appraiser to determine the value.
- (d) The Canadian government, through War Assets Corporation, pays to the U.S. government the amount of the appraisals which have been agreed upon and the corporation takes custody and proceeds with disposal.
- (e) As the majority of the properties so far appraised are located in the Northwest the various buildings have been priced and disposed of through the Calgary and Edmonton Branches of the Corporation. Many of the facilities have been absorbed by dominion government departments, provinces and municipalities in the areas covered, with mining and oil companies, air lines, missions and private buyers absorbing the balance. Our appraiser has been handicapped severely, however, in certain cases where the buildings were in use by government departments thus giving the impression of heavy demand and making his task difficult in obtaining agreement to a sufficiently low valuation.
- (f) At this time a large proportion of these facilities has been successfully disposed of but very large installations in Prince Rupert and Whitehorse have still to be appraised and disposals in both these locations will be problems of considerable proportions.

C. *A Few of the Problems.*

- (a) *Priorities.* As previously pointed out when declarations arrive in the department the three main priority classes are contacted. Sometimes these have established their interest in advance of the declaration and a notation to that effect accompanies the file. Others have established interest in a general way such as is the case where certain provinces have notified the corporation that they are interested in all land and buildings declared within their boundaries. As a matter of routine with certain dominion government groups, such as the Department of Veterans Affairs, all declarations which might fit in with programs for housing or rehabilitation are submitted to them; these include landing fields for use as farms or groups of hutments for use in housing. It is also common to find more than one priority of different seniority dealing at the same time. To illustrate the difficulties in dealing with priorities, consider that a property has been offered to a priority at a certain figure. The priority offers a lesser price and, in the interim, an offer is received at some figure between the two prices which is considered fair and reasonable. To preserve the rights of priorities this means that the property must again be offered at the price the corporation is willing to accept to the original priority before a sale should be made. In this way, disposals are slowed up, confusion ensues and time is wasted.
- (b) *Information.* Few declarations contain the requisite information, plans or legal particulars. This is not intended as a reflection on declaring

departments but is in all probability due to the pressure existing at the time of the creation of the buildings and the acquisition of the land involved. Additionally, unless the declaring department is familiar with the operation at the corporation end, it is unlikely to put as much stress on the necessity of detail. For example, on more than one occasion it has turned out when a sale was about to be made that the original owner had the first option to repurchase, a fact unrevealed in the declaration. Another difficulty is accurate descriptions of the buildings on the property both as to number and size and on one occasion it was only discovered at the last minute that some of the buildings declared did not belong to the Crown at all after tenders had already been invited. This involves much correspondence and wastage of effort.

- (c) *Transfer of Title.* Transfer of title by letters patent is at best a slow process. Sales are retarded by the cumbersome method of obtaining orders in council and letters patent which sometimes requires many weeks to complete. As many of the properties are isolated and the cost of maintaining guards over a period of time is too costly in relation to the value, loss by vandalism and theft is bound to occur and the purchaser is apt to discover deficiencies in his purchase when he gets possession and, naturally, demands recompense.
- (d) *Distances.* When it is considered that declarations are sent to us for disposal in all parts of Canada and Newfoundland, and that many places are difficult of access at all times and not at all at others, it will be realized that to effect disposal in some cases requires a great volume of correspondence and effort on the part of branches and head office. Even in more accessible places distances are great, the obtaining of appraisals necessarily slow and the season for disposal comparatively short. For instance, in most parts of Canada snow will soon prevent appraisals of rural lands and these must wait over until next spring.

(e) *Original Costs and Relations to Present Values.*

This is particularly difficult to justify. Where declaring departments give original costs there is usually no breakdown, merely a consolidated figure. This figure may include all alterations or repairs made during the life of the building and the various items are not segregated to show costs of labour, materials, equipment, etc. Many of the items making up the whole are services where the cost of recovery far exceeds the salvage value. In some cases labour costs are so high that to establish the building in some isolated section such as, say, the west coast of Vancouver Island or in Newfoundland runs the original cost far in excess of what a similar installation would cost in a more accessible spot. This is apparent in the very low offers obtained when offered for sale as the same costs of labour and transportation prevail in moving the buildings back to an area where they can be sold.

In the case of surplus buildings which must be removed from the land the item of cost for labour, transportation and non-recoverable expenditures averages at least 75 per cent of the original cost and this is completely lost. Take as an example a building which originally cost \$10,000. Deducting 75 per cent for cost of labour, etc. leaves \$2,500 for materials. Without allowing for depreciation, or wastage of materials in removal, at least another 60 per cent of that amount will be required to demolish the structure, restore the site and remove the materials to another location. This means at best the original \$10,000 building has now a value of \$1,000 and this figure should be regarded as maximum possible recovery with strong likelihood that a lower figure in practice would result. It

must also be remembered that these buildings were erected with urgency and labour costs in many cases included overtime charges. Additionally, they were erected as temporary accommodation only and usage has been severe.

In connection with land, particularly where landing fields and aerodromes are concerned, the recoverable value of the land seems very low. It must be remembered, however, that farm buildings have been demolished, top soil removed, ditches filled, trees cut down, natural drainage changed, fences destroyed and in the case of the larger fields permanent landing strips installed. Such of these air fields as are transferred to the Corporation have been discarded by the Department of Transport as unsuitable for its program of civil aviation and as they are of necessity usually some distance from any centres of population it is logical to turn them back to farm lands. In a few cases an educational or institutional use on location has been found for the buildings but only the land necessary to such uses has been retained.

A particular case in point is to be found at Waterville, N.S. This is a landing field and no buildings have been erected. The land originally cost \$27,990 and the cost of grading, smoothing, fencing, installing one runway and boring for water increased this cost to \$189,885. No telephone or power lines were installed. The best valuation obtained for this parcel is under \$6,000 and the province has been for some time considering a purchase at this figure. In the original cost of the land in all these purchases severance damages and other damages were included and, as is usual in the assembling of any substantial areas, higher than normal prices usually prevailed. In the period between the time of purchase and the present no normal farm work has been carried on and deterioration of soil, growth of weeds and, in some cases, soil erosion has set in.

D. *Remarks:*

Since the termination of hostilities the volume of both declarations and sales has been steadily increasing and can be expected to continue doing so for some time to come.

As of March 31, 1945, sales by the real estate division of real property amounted to only \$13,000 and sales of surplus buildings by the construction and engineering division to only \$15,095.87.

As of the present time sales of real property by the Lands and Buildings Department either in process or completed are over \$250,000 with the volume only now getting into full swing.

Sales of surplus buildings now amount to over \$750,000 and the great volume is yet to come.

As a consequence of this heavy increase in the work of disposal the staff available has been under very heavy pressure.

Mistakes and confusion are bound to result from time to time but as these occur an endeavour is made to prevent recurrence.

For this reason, sales methods used in disposals are under constant review and changes are made when considered necessary.

There is no precedent on which to base procedures and experience is proving the best teacher in moulding the policies.

APPENDIX

Examples of Typical Sales in Various Groups from Group 4 on.

Group 4. (a) *Cayuga, Ont.* Air Force buildings and portion of land.

Sold to Province of Ontario for establishment of an agricultural school for farm boys and girls.

Appraisal of land averaged \$30 per acre

Area of land sold 25.79 acres	\$ 774
Leaving for buildings and services	11,226

Total	\$ 12,000
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This represents appraised value of land and approximately $8\frac{1}{4}$ per cent of stated original cost of buildings and services without deducting for non-salvageable items.

(b) *Saskatoon, Sask.* Group of Army buildings.

Sold to Province of Saskatchewan for housing purposes. Leasehold land. Sale price \$32,500 or, 8 per cent of original cost of buildings and services of \$405,129.70 without deducting for non-salvageable items.

(c) *Calgary, Alta.* R.C.A.F. buildings.

Sold to the City of Calgary for housing purposes at about 8 per cent of original cost of buildings only.

Sale price	\$ 15,594
Original cost	195,558

(d) *Vancouver, B.C.* Group of Army buildings.

Sold to University of British Columbia for housing purposes at about 10 per cent of original cost.

Sale price	\$ 8,275
Original cost	82,741

Group 5. (a) *Three Rivers, P.Q.* Vacant land comprising former Rifle Range.

Sold at appraised figure to City of Three Rivers.

Sale Price	\$ 3,564
Original cost of land	2,376
City's original offer	1,000

(b) *Saint John, N.B.* Vacant land comprising former Rifle Range.

Sold to City of Saint John at appraiser figure of..... 5,000

Original cost of expropriation including damages and costs	14,775
City originally offered	2,500

Group 6. (a) *Rhein, Sask.* Landing field with R.C.A.F. buildings and fences.

Sold to Department of Veterans Affairs	11,700
Our valuation	12,500
Veterans Affairs valuation.....	11,700

Power lines and equipment sold off separately by another department and are thus additional to sale price.

- (b) *Standoff, Alta.* Landing field with R.C.A.F. buildings and fences sold to Department of Veterans Affairs.

Sale Price	12,000
Our valuation	13,000
Veterans Affairs valuation	12,000

- Group 7. (a) *Welland, Ont.* Crown-owned land and building formerly used as Armoury.

Sold to Welland Optimist Club through real estate broker.

Sale Price	4,500
Our valuation	4,500
Original cost	1,500
Original offer of purchase	4,000

- (b) *Ralph, Sask.* Landing field comprising air field and R.C.A.F. buildings. Sold to Andre Nimegeers (farmer) at \$12,000 (formerly farmed part of area)

Our valuation, land, buildings, fences	9,500
Province's valuation and offer	6,500

Power lines and equipment sold at \$1,945, and gasoline equipment not yet sold are in addition to sale price.

- (c) *Goderich, Ont.* Landing field with some farm buildings, fences and an R.C.A.F. building.

Sold to H. R. Montgomery (farmer) at	7,600
Our valuation	7,262

Advertised for sale by tender. This was the highest tender.

Power line and equipment transferred for sale by separate department and are in addition to sale price shown.

- (d) *Eden, Man.* Landing field with R.C.A.F. buildings and fences.

Sold to Jas. O. E. Graham	7,000
Our valuation	7,000

Graham (farmer) with his mother formerly owned all but small parcel and both had first option to re-purchase under original P.C. authorizing sale. His mother delegated her rights to Graham and the small parcel was included to complete the holding.

- (e) *Hamilton, Ont.* Small parcel of 3.38 acres, industrial land.

Sold to John W. Howard through Industrial Commissioner of City of Hamilton	6,098 40
or \$1,800 per acre or our appraised price.	

Original parcel 5.7 acres of which this formed a part purchased at \$1,500 per acre.

- (f) *Longueuil, P.Q.* 18 lots vacant land.

Sold to Messrs. Clovis Lareau, and D. Lareau at \$9,000 or 5 cents per square foot. This was appraised price and represented part of large area purchased by the Crown when buying the Walmsley Plant (Dominion Engineering at Longueuil).

- Group 8. (a) *Mispec, N.B.* A group of 8 temporary Army buildings located at Mispec, N.B., erected at a cost of \$5,480.

Advertised in newspapers for sale by tender.

Sold to John A. Matthews.....	800 00
(the highest tender)	

Estimated salvage value.....	767 20
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- (b) *Welland, Ont.* A group of 5 guard houses at the locks on Welland Canal erected by Department of Transport at a cost of \$2,720.
Advertised in newspapers for sale by tender.
Sold to Mizrachki Agricultural School and Camp.... 335
(the highest tender)
Estimated salvage value..... 388
- (c) *Riding Mountain National Park, Man.* Camp consisting of 13 temporary buildings erected by Department of Transport at cost of \$321,371.74, including equipment.
Advertised in newspapers for sale by tender.
Sold to Billinkoff, Marion & Nicholas..\$6,200 (buildings only)
(the highest tender received)
N.B.—Due to isolated location it was decided to accept this offer.
- (d) *Tofino, B.C.* Army camp consisting of 8 temporary buildings erected at a cost of \$38,911.
Advertised in newspapers for sale by tender.
Sold to North Coast Timber Co. 3,000
(highest tender received)
- (e) *City of Vernon, B.C.* 1 Army recruiting hut in the city of Vernon, B.C.
Original cost 1,239
Sold to City of Vernon..... 250
who exercised their priority.
- (f) *Montreal, P.Q.* (Haig St.) A dwelling at Haig St., Montreal, erected at an original cost of \$500.
Advertised in newspapers for sale by tender.
Sold to N. Courtemanch, Mayor of Montreal East
(highest tender) 800
- (g) *Drummondville, P.Q.* One Army guard hut erected at original cost of \$950.
Sold to Province of Quebec..... 100
who exercised their priority.
- (h) *Thetford Mines, P.Q.* One Army recruiting hut with original cost of \$903.
Advertised for sale by tender.
Sold to Comite de Recuperation Nationale, District of
Thetford Mines (highest tender rec'd.)..... 100
- (i) *Trail, B.C.* Group of 9 temporary Army buildings known as Tadanac Barracks, erected at original cost of \$25,060.
Sold to Consolidated Mining & Smelting Co. (owner of land) with clause that certain buildings be sold to the following at price agreed upon by Corporation:
Sale price 2,540
1. Boy Scouts Association, Trail, B.C.
 2. Parish of St. Andrew, Church of England in Canada, Trail, B.C.
 3. Mr. Rowe, Trail, B.C.
 4. The St. John Ambulance & Canadian Red Cross Societies of Trail, B.C.
 5. Mr. N. Andreaschuck, Castilgar, B.C.

(j) *Ucluelet* Army Camp consisting of 18 Temporary buildings erected at Cost of \$135,872.

Offered to the University of British Columbia, but not interested because of isolated location and heavy cost of transporting salvage.

Advertised twice. Highest offer received..... \$2,000

Negotiations for private sale entered into and sold
to W. F. Gibson & Sons for..... 3,000

In regard to isolated situation see copy of letter following.

"Today I received a letter from the War Assets Corporation stating that my tender for the Army huts known as Camp No. 6 located near *Ucluelet*, B.C. had been rejected.

My tender which was for the sum of \$2,000, might on the surface appear to be a ridiculously low offer, and as such would not merit any serious consideration.

The truth of the matter is that my tender was made in that sum after a careful survey of the costs involved in dismantling and conveying these assets to the mainland, and after consulting various people who had purchased similar assets and who had met with far higher handling charges than they had anticipated. In fact, in one instance, the buildings cost more than they could be purchased for, new in Vancouver.

The only way these buildings can be moved is by water. They are located six miles from the sea, necessitating loading on trucks and unloading onto barges (a temporary wharf must be erected in order to give access to the barges). It would cost at least \$4,000 for this operation alone. It would then cost \$100 a day for a tug and \$10 a day for each barge. It might take four days to Vancouver and it might take two weeks depending on the weather. When they arrive at Vancouver, it would cost nearly as much again to unload them and convey them by truck to their ultimate destination.

This operation involves the use of an electric generator and electric saws (as the floors would have to be cut in sections for easy handling) and at least two trucks. This equipment and a great deal more would have to be shipped there by water as *Ucluelet* is not accessible by land.

In consideration of these facts and on the basis of my tender, it would cost me, if I were fortunate, at least \$12,000 laid down at Vancouver before erection.

I am quite certain that an examination of your accounts would verify my figures as to your original cost in shipping them up there and erecting them.

I would also like to point out that in all this handling, the material is bound to sustain a certain amount of damage.

It is my desire to acquaint you with the actual facts of the situation in an effort to reach a mutually satisfactory agreement on the disposal of these assets."

Group 9. (a) *Ste. Anne de Bellevue, P.Q. Macdonald College.*

The lease in this case between McGill University and the Crown covered permanent buildings with the right to construct and remove temporary structures. Under the terms of the lease certain restoration was called for by the Crown on termination and the University initially presented a claim for over \$50,000 in this regard. This claim was later reduced to \$45,450.

As a result of negotiation, settlement was made in the amount of \$7,500 in cash and the transfer of all temporary buildings having an estimated salvage value of \$7,500. In other words, the settlement was in the amount of \$15,000 in full of all claims under the lease.

(b) Exhibition Grounds, Three Rivers, P.Q.

The Crown had enjoyed the use of the Exhibition Grounds at Three Rivers from January 1940 at a nominal rental of \$1 per year and the premises has respectively been used for internees—Army and R.C.A.F.

Under the terms of the lease the City of Three Rivers had the right to retain all alterations to the permanent buildings which it desired to keep and the Crown had the right to remove its temporary buildings provided restoration was effected.

The city had a considerable claim for water supplied to the R.C.A.F. and also claims for damages and loss in the lighting fixtures of the swimming pool and for lumber owned by the city in storage which had been used by the Army Service.

The city estimated salvage value of the temporary buildings at \$16,000 whereas our valuator estimated these at \$22,620.

On the question of restoration the city figure was \$10,000 while that of our valuator was \$9,875.

After some lengthy negotiations the city finally agreed to our salvage figure and estimated restoration costs and reduced their claim for water charges to \$7,000 and their other claims to \$5,000.

The final settlement was made at \$1 with the city accepting the temporary buildings at their net salvage value of \$12,000 (after allowing for restoration costs) and releasing the Crown from the payment of their claim for \$12,000 for water, lumber and all damages.

The CHAIRMAN: I will call on Mr. Berry again.

Mr. J. H. BERRY, President War Assets Corporation, *recalled*:

The CHAIRMAN: Mr. Berry, have you any further replies as to questions raised at previous meetings?

The WITNESS: I am afraid I have not, Mr. Chairman; not here. I believe we answered all the questions, other than those asked at the last meeting, which unfortunately Mr. Peterson has with him and I have not available.

By Mr. Shaw:

Q. Mr. Chairman, on page 3, reference is made to warehousing. So far as British Columbia and Alberta are concerned, we have a situation where all materials which are going to be disposed of are immediately shipped to Vancouver; is that correct?—For storage there, that is the only warehouse we have?—A. That is the only official warehouse.

Q. Are you utilizing any of the vacant airport buildings or army buildings for storage?—A. I believe we possibly use them, but in certain cases we have not been able to organize to the point where we can take over existing buildings which have surpluses in them from the present custodians; namely, the air force, the army and the navy.

Q. My only reason for discussing this is that I understand that quite a bit of material has been shipped from Calgary to the Bowden airport, which has been closed for quite some time; equipment was used from the army centre at Red Deer, and I was just inquisitive as to who was responsible for that, and for having them declared surplus before that. I cannot take kindly to this idea of these materials being shipped completely out of Alberta to Vancouver and possibly disposed of at that point, it would work an unfairness (if that is correct) upon people in that part of Canada.—A. Our general policy, Mr. Chairman, is to sell on site to avoid, the cost of moving from one point to another. This thing works two ways though, I think; if a large proportion of the

surplus is concentrated in one province then we have to distribute that to other provinces for disposal; but we are setting up a processing and distribution division which is taking care of that.

Q. But to date I doubt if you have been doing that.—A. the processing and distribution division will be shown on the chart; and to obtain a head man for that division is one of my main problems at the moment—only one of them.

Q. I think we can appreciate what your problems are.—A. We are setting up machinery now to take care of this situation and to make effective distribution. For instance, if 200,000 spark plugs were reported surplus in Ontario and that was the total surplus that had been reported across the dominion, you would not suggest that all those spark plugs should be sold in Ontario?

Q. No, not at all, Mr. Berry, if a lot of them came out of Alberta.

By Mr. Castleden:

Q. Were they declared surplus in Ontario?—A. I am only using that as an example.

Q. I mean, material declared surplus to your department; do the army, the navy and the air force ship these to a certain point before declaring them surplus?—A. I cannot answer that categorically. I believe the services have in certain of their units a policy of centralization which permits them to keep costs scaled down, and they report all surplus from that central point. As to exactly how far they go with that, I have no knowledge.

By Mr. Marquis:

Q. Can you tell me where the eight warehouses in the province of Quebec are located?

The CHAIRMAN: You are referring to the warehouses listed on page 3?

Mr. MARQUIS: Yes.

The WITNESS: There are four in Montreal, one in Quebec City, one in St. Johns and one at Cap de la Madelein.

By Mr. Benidickson:

Q. Could we have a similar breakdown for Ontario?—A. Three at Toronto, one at New Toronto, one at St. Catherines, one at Pickering and one at Hamilton.

By Mr. Marquis:

Q. Could you tell me in Quebec, in what building?—A. I cannot tell you that.

Mr. SHAW: Mr. Chairman, I do not want to change the discussion, but I would like to make a suggestion. I think that with respect to this priority question one of the chief difficulties arises at a consequence of the corporation's policy which requires the supplier to quote on goods. I have had numerous discussions with our assistant trade commissioner from Alberta—I speak of Alberta because I am most familiar with that—who is located in the east. They have purchased a tremendous volume of goods from the corporation; and I should regard the practice in our province as no doubt similar to that which is followed in others, we have a central purchasing agency which purchases for the hospitals, public works, the experimental farms and so on. Their machinery is so organized that suppliers are called upon to make quotations to them, and all orders are placed against a firm price for goods and services; and a careful system of price recording and so on is kept. I understand that is in keeping with general business practice. Now, your corporation may make known to our assistant trade commissioner that you have certain commodities which our province may be interested in, but there is no price. I have one file here where

45 letters and telegrams were exchanged and then they disagreed on price in the final analysis. Our assistant trade commissioner is trying to be very helpful. He has written me a very constructive letter and indicates that the corporation has cooperated as fully as possible, but he states that the failure to quote price is causing the most of the difficulty. There is an example, 45 letters on a matter of \$750 worth of goods; and they finally disagreed on the price. And now, if they had had a price to work from they could immediately determine, on the basis of their experience, of the experience of their purchasing agency, whether or not they were interested.

The WITNESS: Yes.

Mr. SHAW: I would like to see some consideration given to a change of policy. I understand you have changed it to some degree. Let your provinces know, as previously suggested, of this list of more important sales, and to quote prices so you have a basis to work from.

The CHAIRMAN: Mr. Shaw, just as a matter of information may I inquire what is the actual difficulty, is it the ceiling price?

Mr. SHAW: They cannot get a price. I might put it this way, your provincial government departments question, let us say; in other words, they have so much money to spend during the course of a year, and when prices are quoted they are able to take into consideration the bearing these prices have on their budget; that is to say, set it alongside of the prices that they have to pay for a similar commodity; and they would be enabled to see immediately whether they are interested or not, mainly or purely from the standpoint of price. In other words, if they have been used to buying telephone wire at 2.5 cents a foot and the same wire or similar wire is offered by the corporation at 3 cents a foot; they can look at that quotation and say immediately, we are not interested in that because we can get this type of wire much cheaper somewhere else.

The WITNESS: Might I ask a question there?

Mr. SHAW: Yes.

The WITNESS: How would you suggest that the corporation fix prices for wire, which is probably used wire in most cases?

Mr. SHAW: I would say you certainly must have a man somewhere in your corporation who has had experience in dealing with these things. You have already indicated to us a system for determining prices. I am not so concerned about how they determine prices right now as I am of your provinces being informed of the price picture.

The WITNESS: But before we could do that we have to be able to determine what is a fair market price.

Mr. SHAW: You have to do that now, to be fair to yourself and the Canadian people; and you should let that be known as soon as you determine these prices. For example, let us assume that there is a ten-mile telephone line from the town of Red Deer out to the airport. I do not think you would have any very great difficulty in determining what a fair sale price for that ten-miles of line would be. I do not think we would have very much difficulty in arriving at a price for that. Forget for the moment your method. You do decide upon a price because in this case you have done it and they disagreed with you finally after forty-five exchange taking a lot of your time.

The WITNESS: Right.

Mr. SHAW: And you only gave them about four days to make up their minds originally. There is another complaint that I wish to make. War Assets Corporation in Montreal will advise our liaison man who is in Toronto that you have certain commodities but you demand a reply in one case here in four days. Our assistant provincial trade commissioner is in Toronto. There

is an officer here, too. Our assistant trade commissioner must communicate with our government. He must communicate to them the nature and the quantity of the equipment, but you have not quoted a price. He may get an O.K. from the Alberta government provided the price is right. Then he starts negotiating with your corporation but the time has gone. The time limit, which in one case was four days, has expired. That is quite unreasonable as far as negotiations between Montreal and Alberta are concerned.

The WITNESS: I should like a chance to investigate that particular case to find out how we set the price and what mechanics we followed.

Mr. MARQUIS: You can have a list of goods and a list of prices and yet there may be a reduction when you sell. The wholesaler or dealer will make a list of prices, and sometimes you may have a reduction when you buy.

Mr. SHAW: This is what Mr. Lemmon, the assistant trade commissioner says:

Under the tender system he has no price suggestion from which he may commence negotiations with the Corporation for the goods or equipment and he cannot come within the time limit owing to the extra work made necessary by inspections, etc. If he were advised the price in the first instance he would know immediately whether the proposition held further interest for him.

I had two hours with Mr. Lemmon, and he states this was the main difficulty. To complete this and show you his point of view he says:

In conclusion, may I state that from the officials of the Allocation Committee and the various branches of the Corporation I have received every consideration,

and so forth. Then he says:

"Our conversation—

referring to the one with me—"indicated that your committee is anxious to improve the situation and I can assure you that if at any time it is possible for myself or the officials of our departments to render assistance, we stand ready to do so."

Mr. CHAIRMAN: Was the four day limit set after the price had been agreed upon?

Mr. SHAW: No, there was no agreed price. The corporation simply advised our assistant trade commissioner that certain commodities, which they knew the Alberta government were interested in, were available, but they wanted word within about four days. I can check it here. Mr. Lemmon had to communicate with our purchasing agent in Edmonton. They had to have the goods inspected. Then they had to negotiate on the price. The four days, of course, proved hopeless even though they wired, and so forth. The purchasing agent had probably specified beforehand that a certain department of government was interested in it but anyway four days was quite inadequate.

Mr. MARQUIS: If a list of prices is made available somebody can make an offer and probably the sale would be made very quickly.

The WITNESS: I think you have to appreciate, gentlemen, on these lists of items for sale I never know from one day to another exactly what surplus is going to be delivered to me. I never know whether all that surplus can be sold on site. Any lists I issued at this time of receiving a volume of surplus from the forces, from other government departments, would not be worth anything the same day they are printed. They would be obsolete immediately.

Mr. SHAW: Let us say you have two bulldozers at Montreal and you have had a request from the Alberta government. I do not think it should be difficult for you to determine what you consider a fair sale price for those two bulldozers.

The WITNESS: No.

Mr. SHAW: Then if you are dealing through our assistant trade commissioner he would at least know if they were within the price range they were prepared to pay. They might disagree later as far as the condition of the equipment is concerned but still you have got a point from which you can start.

The WITNESS: Let me suggest to you I have six other provincial governments also interested in buying bulldozers.

Mr. SHAW: True, but you could also quote the same price to them.

The CHAIRMAN: That is what I had in mind when I asked you as to whether they had agreed on a price or mentioned a price. Mr. Castleden, you have a question? This is the last question.

By Mr. Castleden:

Q. I wanted to ask if there is a complete accounting of all sales as to the companies or individuals who are purchasing, the original cost, and the estimated present value? Is such an accounting system being maintained on all bargains and sales made by War Assets Corporation? We have the organization of your sales department and the warehousing. I was wondering about your accounting division, because this statement we have here is not worth very much to us when it comes down to an analysis of sales; we have 2,000 sales of scrap material, 19 sales of radar sets, \$18,000; seven sales of radio and radar parts, \$29,000. It does not mean very much to us. If we had that broken down somewhat in this form so that we would know what materials were available, the original cost, the estimated value and then the price at which they were sold we would have something to go on. —A. I think I stated in my brief that the corporation did not maintain any record of original cost. Neither does the corporation generally maintain an estimated present value record. The corporation does, however, maintain a complete sales record of every transaction. I believe it was stated the other day by Mr. Peterson that to get the information required by the committee relative to sales to provincial governments it meant going through 42,000 invoices, I think he said, each of which constitutes an individual sale.

Q. You have the original cost in this set-up here which you gave us in this form.

Mr. BENEDICKSON: That was not from the corporation. That was from the Crown Assets Allocation Committee.

By Mr. Castleden:

Q. But the Allocation Committee hands the stuff over to you?—A. We do not record those.

Mr. PROBE: May I ask some questions to be answered next day?

The WITNESS: We have no way of checking whether these original costs are correct or whether or not if it is an estimate of value it is correct. They might be very misleading in certain circumstances.

The CHAIRMAN: Gentlemen, I am willing to stay here all afternoon but it is after 1 o'clock. I am thinking of the other members.

Mr. PROBE: May I ask two questions to be answered next day?

The CHAIRMAN: Would you be good enough to put them in writing?

Mr. MCGREGOR: May I ask one question based on this statement here? Is that the original cost of the goods or is it the cost to War Assets Corporation? —A. That is the stated original cost as stated by the declaring department.

The CHAIRMAN: Gentlemen, we will adjourn until Thursday at 11.45

By Mr. McGregor:

Q. That is the original cost?—A. That is the original cost as stated by the declaring department.

The committee adjourned at 1.05 p.m. to meet again on Thursday, December 6, 1945, at 11.45 a.m.

Dr. Doe
Can
Com
W

Canada, War Expenditures and
Economies, Ottawa, 1945

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(SESSION 1945
HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

(ON)

(WAR EXPENDITURES
AND
ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, DECEMBER 6, 1945

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation;
Mr. L. A. Brooks, Comptroller, War Assets Corporation;
Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply.

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945

MINUTES OF PROCEEDINGS

THURSDAY, December 6, 1945.

The Special Committee on War Expenditures and Economics met at 11.45 a.m., the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Black (*Cumberland*), Castleden, Coté (*Verdun*), Golding, Isnor, Lalonde, Marquis, McDonald (*Pontiac*), McGregor, Michaud, Reid, Shaw.

In attendance: Mr. J. H. Berry, President, and Mr. L. A. Brooks, Comptroller, War Assets Corporation, and Mr. W. E. P. DeRoche, Assistant Counsel, Department of Munitions and Supply

The question was raised by Mr. Reid as to whether the witnesses could be examined later on the briefs submitted thus far. Following discussion, it was agreed to hear the briefs prepared by the witnesses for the present sitting. The Chairman announced that the Steering Committee would be called before the next sitting, and would discuss future procedure in this regard.

Mr. Berry was recalled, further examined, and retired.

Mr. Brooks was called. He read a brief on the operations of the Comptroller's Department and was briefly examined thereon.

Witnesss retired.

Mr. Berry was recalled. He presented a brief on the War Surplus Branch and Custodian Sales Section, and was examined. Questions were also answered by Mr. DeRoche.

Mr. Berry stated that he had intended to present a final brief on the subject of organization and personnel, but that the said brief was now in the process of being mimeographed for members of the Committee and was not available for presentation at this sitting.

By unanimous consent, it was ordered that the brief be accepted as having been read and be included in this day's Minutes of Evidence.

(See Appendix "A".)

At 1.05 p.m., witness retired, and the Committee adjourned until Tuesday, December 11, at 11.30 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

December 6, 1945.

The Special Committee on War Expenditures and Economies met this day at 11.45 a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, shall we proceed to business; we have the required number to form our quorum.

Mr. Berry is with us again to-day, prepared to continue with his briefs. It is a question in my mind as to whether we should clear up a few questions or go on with the briefs. I think it was Mr. Shaw who raised the question the other day and very definitely stated that we should continue the procedure adopted and proceed with the briefs.

Mr. SHAW: The only thing is though, Mr. Chairman, as a result of what was received there might be one or two questions in order to round out what was discussed. I do not approve of what might be regarded as side-tracking, but since it was done there might be a few questions. For example, I have one I would like to ask if that is agreeable.

The CHAIRMAN: It will be quite in order for you to have the question put on the record.

Mr. REID: I think, Mr. Chairman, we should come to some definite decision. I have been looking up my file here. Brief after brief has been read. We are just having briefs presented to us at every meeting. One or two questions are asked and then we get another brief, nothing conclusive at all. I am just wondering if when the proper time comes we could take these briefs and ask all the questions that should be asked; or, should we just ask these questions and pass on? I think the presentation should be made before the committee before we go into details. I am just wondering where do we go from here.

Mr. GOLDING: Mr. Chairman, might I—

The CHAIRMAN: Might I just reply to that, Mr. Golding? I think you are absolutely correct, Mr. Reid, so far as the procedure of this committee is concerned. You will recall that the steering committee made a recommendation to the main committee that we proceed along certain lines, and I have endeavoured to follow that. I think we have done fairly well. I think perhaps it would be as well to hear Mr. Berry with his brief. My one thought is that we are coming to the close of the session and I would like to have one meeting devoted to cleaning up a few important questions arising out of these briefs. I think we should tell Mr. Berry that so far as his department is concerned there will be no further briefs after to-day. I suggest that we spend the next meeting or two, whichever you decide upon, in dealing with the material already in the record. Would that meet your approval?

Mr. GOLDING: It was just along those lines, Mr. Chairman, that I intended to say something. The fact of the matter is we are, as you say, getting near the end of the session. And now we are having morning, afternoon and evening sittings in the House; and in view of that my opinion would be that we should have the briefs submitted to us so that we could study them during the recess and be able to carry on our work more efficiently when we come back. If we spend a lot of time just asking questions here we will not be able to set up the machinery that is to carry out the program that has to be done by the War Assets Corporation; and, personally, I would like to get in my mind just

what their organization is, what the set-up is and the machinery that is provided to do this job. This is a big job and therefore we have got to decide, when we cannot have very many more meetings, what we shall do; and in view of that I would suggest that the briefs that are to be submitted be submitted.

Mr. CORÉ: Mr. Chairman, I agree with the view just expressed by Mr. Golding. I am very much interested in having as soon as possible a complete picture of the set-up of the whole organization, and I for one object to any questioning that would tend to in any way prevent presentation of the briefs showing us what the set-up of this corporation is. Anything that would look like bringing up of a particular case or complaint should be out of order, because the session, as we all know, will be closing very soon; and I think that the recess should provide an appropriate opportunity for us to study the briefs and go into matters pertaining to particular inquiries which we could take up at the opening of the next session. And now, I am under the impression that all these officers who have presented these briefs will be available at the next session to go into matters in more detail, supplementing the information given to us through the medium of the briefs they have presented, and also go into some discussion of the briefs themselves.

The CHAIRMAN: I hope those who are in hospital will be recovered and able to be with us.

Mr. CORÉ: I also am very much interested toward the end of the session in staying in the House as much as possible. For instance, this morning we are missing a very interesting debate on an important bill. I would have preferred to have been sitting down stairs this morning. I think after we complete this general outlook on the set-up of War Assets we should adjourn and leave it to the next session to take up any particular inquiries.

Mr. MARQUIS: I want to say a few words. Mr. Chairman, I concur in the remarks of Mr. Coté. I do not think it would serve any good purpose for members to put particular questions right at this time, because if we were to start questioning and trying to find out the details some of us want to have it would probably be impossible to get those details before the end of the session. Also, we have other committees sitting at this time, particularly External Affairs—and I have a lot of business to do there. I think I have the right to attend both committees as I am a member of both committees. I suggest that we have sufficient material before us at the present time to keep us studying for a long while ahead and we have one or two more briefs to be entered. We will have time during the recess to examine these briefs, and I would suggest that we adjourn as soon as possible in order that we may follow the discussions and debates in the House of Commons and prepare to go back home when the time comes. So I do suggest that we have a brief or two, and perhaps some questions of a very general nature; but I do suggest that if we try to go into the detail of specific cases or complaints we will defeat the very object the committee has in mind this session.

The CHAIRMAN: Thank you, Mr. Marquis.

Mr. CASTLEDEN: I would like to say a word or two as a member substituted for somebody else. It appears to me that since the general idea has been that we should follow a precedent that has been set in this committee. I would remind you, Mr. Chairman, that we are set up as a committee of the House and our function as a committee is to find out what is going on in War Assets Corporation. The people in Canada want to know what is happening to war assets and the surpluses which we have in Canada. They must amount to billions of dollars. We have no idea as yet of what is happening to our goods in a detailed way. I have just got to finding out exactly where this material is. It seems to be a complicated procedure with regard to the transfer of assets and the arrangement of prices; and some people who are

attempting to buy these goods at different places seem to have difficulty in finding where they are available, at what price they are available, how the prices are arrived at, or whether they are supposed to make bids on them, and what is happening. And I think that all the time we are in committee we are not finding out exactly what is happening. We are getting the set-up of the organization. Now, Surplus War Assets Corporation Limited, one company, has already carried out a certain amount of work and has gone by the board and a new one has been set up. The House is going to be rising in probably another week and it may not sit again for three months. What is going to happen in the next three months? There will be two or three billion dollars' worth of goods gone. We have nothing to report to the House of Commons, and I am somewhat concerned about the kind of report we are going to be able to give them. I think the members of the committee are quite capable of reading all the briefs that could be presented to us in the next couple of months at least, and from the reading of those briefs learn what the set-up of War Assets Corporation is. I just throw these ideas out. I do think that we have a job to do. We have a responsibility to the Canadian people. Many questions that have been asked in the House during the course of this session have been withdrawn from the order paper on the assurance of the minister that they could be taken up in this committee when War Assets were here and all the answers found. If the House is going to prorogue in another week this committee ends. There will be no other investigation carried on, unless we as a committee are prepared to recommend that some type of organization be set up to carry on this investigation between now and the time the House sits again.

MR. BLACK: Mr. Chairman, I think the work in this committee has been futile, if not more than futile, because the public expected us to do a great deal that we are not doing, that we are not capable of doing in the time at our disposal. This committee was only set up after 10 or 12 weeks of this session had elapsed and we were entering the closing period of the session meeting morning, afternoon and night. This voluminous evidence was submitted, but I for one have not had much time to look over this material on account of the work that has been before me, and to give any time to the work of the House. This is no reflection on you, Mr. Chairman; I think you have handled this committee extremely well and have given general satisfaction to the members. Nor is there any reflection on Mr. Berry or his staff, they are doing a tremendous job, they have a tremendous undertaking, and they have given splendid evidence, if we could, assimilate it. But we as members of the committee are not justifying ourselves, are not performing down here what we were expected to do. We certainly are not serving the public interest, particularly with respect to obtaining information that is desired. Because the way this committee has been set up and has been functioning, going on now nearly three months, we would have been better off if we had never been organized, so far as serving the purpose for which we were supposed to have been set up is concerned.

MR. CORÉ: I would like to disagree with the member who has just taken his seat (Mr. Black). First of all I have found in these briefs that have already been presented to us answers, and very adequate answers, to a lot of the complaints that we have heard up to now in public; more particularly the brief read here by Mr. Peterson on sales policy, which has enlightened us so that we have been able to give the proper answer to a lot of complaints, at least a lot of complaints which I have personally been hearing up to now. As far as the other point raised by Mr. Black is concerned, it has been decided by the steering committee and approved by the main committee that no particular placed before the steering committee; that it should be brought to the attention of the steering committee should be brought to the attention of this committee before it was tion of the steering committee first.

Mr. GOLDING: That is right.

Mr. COTÉ: The steering committee has only received two requests for special inquiries, and I think those two requests came from Mr. Macdonnell. So if some members sitting on this committee complain about the procedure followed, well they just have to blame themselves. They should have communicated their desires to the steering committee and the steering committee would have done the best they could to satisfy the member. I think we have followed the proper procedure. Nobody can complain about it, and I think the public should be satisfied with the work that we have done so far.

The CHAIRMAN: Thank you, Mr. Coté. Well, gentlemen, we have heard the expression of views. I think I would like to say to Mr. Black that I do not consider the work of this committee futile. You cannot build a house unless you first lay a foundation.

Mr. BLACK: But you cannot lay a foundation in the wintertime.

The CHAIRMAN: That is all right. I do not want to enter into any controversy with the honourable member, but we have something on which to work now. We have endeavoured to hold meetings whenever possible. We have placed before the committee, along the lines recommended by the steering committee, information which we trust will be helpful to the members of the committee as well as to the country at large.

I think perhaps we had better decide on calling a meeting of the steering committee. I am going to ask the clerk to call that committee together to-morrow at 2.15 with a view to taking under advisement the remarks made by the members to-day as to future meetings. It is unfortunate that we can only meet for an hour and a quarter. That is the extent of our deliberations at the present time, but many members have spoken to me expressing their regret that they are unable to attend these meetings. They are anxious to be in the House during the discussion of the particular bill now before it. I will have a steering committee meeting to-morrow, gentlemen, and we will meet again next Tuesday. Perhaps it might be necessary to wind up on either Tuesday or Thursday of next week, but we will make a report to you on Tuesday. Mr. Berry, will you proceed with your brief?

J. H. BERRY, President, War Assets Corporation, *recalled*.

The WITNESS: Mr. Chairman and gentlemen: There are still outstanding four briefs that we promised to present to give an over-all picture of the corporation. There are two of those briefs ready now, one by Mr. Brooks, the comptroller, who is here this morning, and one for the war surplus branch which I will present myself having been in charge of that particular branch for some time. Then there is one by the secretary's department and one by the organization and personnel director. With your permission, Mr. Chairman, I will withdraw the secretary's branch report because I think the only thing that would be included in that report would be a notation as to how we proceed in the matter of receiving tenders, and items of that type. In those cases we follow the standard government routine for accepting and opening tenders.

By Mr. Castleden:

Q. You are going to table that or withdraw it?—A. I should like to withdraw it. Unfortunately it is not prepared due to Mr. Peterson's illness.

Q. It will be tabled later?—A. It may be tabled later, but as it would not have very much information in it—the secretarial job is a more or less routine and standardized job—I was questioning whether you would wish me to table that.

The CHAIRMAN: You have not as yet presented it so there is nothing to withdraw. Suppose we proceed.

The WITNESS: I have stated in my brief that I would present it.

The CHAIRMAN: We will proceed with the next brief.

The WITNESS: The next report is the one which I should like to have Mr. Brooks present as comptroller.

LESLIE ARTHUR BROOKS, Comptroller, War Assets Corporation, *called*.

The CHAIRMAN: Will you proceed, Mr. Brooks?

The WITNESS: In order to present a clear picture of the financial side of the Corporation's activities, reference is made at the outset to sections 15, 16 and 17 of the Surplus Crown Assets Act (Chap. 21—8 George VI) which sections are now quoted:—

15. (1) The Corporation shall keep one or more bank accounts with such chartered bank or banks in Canada as may from time to time be approved by the Governor in Council and, with the approval of the Minister, may keep one or more bank accounts outside Canada; and all moneys from time to time received by the corporation shall be deposited in the said account or accounts.
- (2) All moneys deposited in the corporation's bank accounts except
 - (a) moneys paid or advanced to the corporation by His Majesty on account of working capital; and (b) such percentage of the net proceeds of sales and of all other moneys received by the corporation during any period as the Governor in Council may from time to time fix to be retained to meet administrative costs or other expenses of the corporation;
 shall be transferred or deposited to the credit of the Receiver General of Canada on requisition by the Minister of Finance but, if no such requisition is made, on a day not later than the fifteenth day of the month following receipt thereof by the Corporation.
16. Subject to section fifteen of this Act, the corporation may administer all moneys received by it exclusively in exercising the powers conferred on it by or pursuant to this Act.
17. (1) The corporation shall establish and maintain an accounting system satisfactory to the Minister.
- (2) The corporation shall render to the Minister detailed statements of its receipts and expenditures at such times and for such periods as he may specify.
- (3) All books of account, records, bank books and papers of the corporation shall at all times be open to audit and inspection by the Minister or any person thereunto authorized by him.
- (4) The accounts of the corporation shall be audited by the Auditor General of Canada and the audited statements of such accounts shall be included in the corporation's annual report.
- (5) The fiscal year of the corporation shall end on the thirty-first day of March in each year.

BANK ACCOUNTS

The banker of the Corporation is the Bank of Montreal. Accounts are carried at branches of the bank at the following centres where the Corporation maintains offices:—

Vancouver, Prince Rupert, Calgary, Regina, Winnipeg, London, Toronto, Ottawa, Montreal, Valleyfield, Moncton, Halifax and St. John's, Nfld.

Three types of accounts are operated, namely, a trust account, a general account and a payroll account and the purposes of these are explained below:—

Trust Account—In accordance with subsection 1 of section 15 of the Surplus Crown Assets Act, all moneys received from customers in payment of goods and properties sold are deposited intact in a trust account.

Trust accounts are carried by all branch sales offices, but branch offices have no checking powers against these accounts, this being reserved exclusively to the head office of the corporation. Transfer from the trust accounts of branches are made monthly over the signatures of head office officials and the money is thus brought into the head office trust account.

General Account—General accounts are used by head office and by branches for the purpose of paying administrative and operating expenses. The nature of these expenses will be seen by reference to Pages 10 and 11 of the annual report of the Corporation for the period July 12, 1944 to march 31, 1945.

Deposits are made in branch general accounts periodically by head office in accordance with written or telegraphed requests from branches for funds to cover immediate cash requirements. No large balances are carried in the general accounts of branches.

Payroll Account—Where there are sufficient employees to warrant it, payroll accounts are opened by branch sales offices with the local office of the Bank of Montreal. Funds to cover the payment of salaries and wages are deposited in the payroll bank account by cheque drawn on the branch general account.

No bank accounts are operated outside of Canada at the present time with the exception of Newfoundland.

SCHEME OF ACCOUNTS

The increase in the volume of business and the scattered nature of the Corporation's activities calls for constant revision of the scheme of accounts and the addition of many new accounts to take care of new phases of the Corporation's work.

The creation of the supply department with six Divisions, necessitates further re-allocation of operating expense accounts and these are now in process of revision but will not be effective for some weeks to come.

At the present time, the administrative and operating expenses of the Corporation (other than direct charges) are classified in the undernoted series of twenty-six accounts:—

- Administrative & office salaries
- Rent, light & taxes
- Printing, stationery & office supplies
- Travelling
- Telegrams
- Telephones
- Postage & excise stamps
- Legal & audit fees
- Bank charges
- Unemployment insurance
- Government employees' compensation
- Sundry administrative & office expense
- Subscriptions to publications
- Freight, express and cartage
- Photographic supplies & expenses
- Local transportation
- Advertising & publicity
- Building operating expenses
- Directors' travelling expenses
- Executive expenses (other than travel)

Staff moving & living expenses
Pension contributions
Automobile expenses
Inspection expenses'
Building alterations & improvements
Office furniture & fixtures

The twenty-six accounts are control accounts supported by such detail as it is thought necessary to keep for the information of those senior officers who are concerned with any phase of expenses.

Branch offices work to the standard scheme of accounts so that it is possible to prepare each month for the information of management a statement showing the operating costs of each branch, matched against its revenue represented by the authorized deduction of 5% of net proceeds of sales.

INCOME

The revenue of the Corporation consists of a percentage of the net proceeds of sales, after the deduction of direct charges. Until March 31, 1945, this was 3% but was increased by Order-in-Council to 5% as from April 1, 1945.

It will be noted from page 10 of the annual report that 3 per cent was insufficient to cover the operating expenditures for the period ending March 31, 1945. For the period April 1, 1945, to September 30, 1945, the increased percentage and the larger sales volume has made it possible for the Corporation to live within its income.

As at September 30, 1945, the excess of income over expenditures was \$5,084.83.

INVOICING OF SALES OF SURPLUS CROWN ASSETS

The accounting department begins to function with the receipt from the sales department of a sales order raised to record the sale of a crown asset.

From the sales order, and after proof of shipment has been secured, is produced a sales invoice which forms the basis for a charge to the customer and a credit to sales.

Due to the fact that the bulk of surplus assets are in the custody of declarers, great difficulty has been experienced in obtaining advice of actual quantities shipped against release copies of sales orders. It must be realized that many of the goods sold have never been physically checked and sales have been consummated on the basis of descriptions given on declarations of surplus. A commercial firm would know what was sold and would have control over the deliveries made from their warehouses as to proper documentation required. This situation necessitates the withholding of invoicing until it is known definitely what quantities have been shipped, as it is felt that to invoice immediately on the basis of sales orders would require thousands of adjustments and cause buyers considerable annoyance. This situation will be remedied when goods eventually come into our physical possession as they will under supply department procedure.

The Corporation endeavours to sell on a cash basis, but exceptions are made to accounts with good credit rating to whom short term credit—30 to 60 days—is allowed.

In the case however of the sale of real property, ships and certain capital equipment, payment may be spread over a period of time and the purchase price may be payable in part from the proceeds of the refundable portion of the excess profits tax of the purchaser. Where long-term credit is extended a mortgage is taken on the property or the ship which is the subject of the sale.

Two examples of sales on long term payment follow:—

1. A ship Price \$350,000.00
 Payment:—
 \$105,000.00 in cash,
 245,000.00 in seven yearly installments of \$35,000.00 each,
 with interest at $3\frac{1}{4}$ per cent.
2. Buildings, plant and equipment Price \$1,250,000.00
 Payment:—
 \$100,000.00 in cash
 100,000.00 each year until paid, provided that if the refund-
 able portion of excess profits tax repayable to the pur-
 chaser, and assigned to the Corporation, is in excess of
 \$100,000.00 in any year, the payment for such year shall
 be the amount of the refund. Interest at $3\frac{1}{2}$ per cent.

TRAVELLING EXPENSES

Due to the widespread activities of the Corporation and the need for the presence of plant clearance officers, inspectors, etc., at hundreds of manufacturing plants, travelling expenses are high and will probably remain at a high level.

Members of the staff making occasional trips away from their headquarters are given specific advances for such trips and are required to account for their expenditures upon their return and to refund any unexpended balance of cash remaining in their possession.

Those members of the staff who are travelling continuously on duty are given standing advances which operate as imprest funds, the employee being reimbursed the amount of his expenditures on presentation of his expense account after it has been approved.

AUDIT

The books and records of the Corporation are audited by the Auditor General of Canada—see subsection 4 of section 17 of the Act. The audited statements of the accounts are included in the Corporation's annual report.

The corporation is now organizing a system of internal audit, but at this date, the staff is very small and the scope of its operation limited.

The duty of the internal audit staff will be to verify, in such detail as may be deemed necessary, the accounting records maintained in branch and regional offices and will embrace an examination of the files compiled by plant clearance officers under the procedures of the newly-created supply department. Another function of internal audit is the checking of stock records kept in corporation warehouses and to report to the comptroller discrepancies in such warehouse stocks, so that he in turn may advise the vice-president in charge of supply.

VALLEYFIELD

A separate set of books is maintained at the No. 1 Reclamation Depot, Valleyfield, Que., because its work is different from that of sales branches. The Valleyfield accounts are drawn up to show the cost of sorting, repairing, packing and shipping clothing, uniforms, boots, etc. As at September 30, 1945, an expenditure of \$708,827.21 had been incurred which will be charged against sales as shipments are made to UNRRA, Canadian Red Cross and other relief organizations.

A payroll account is carried at the Bank of Montreal, Valleyfield, from which the salaries and wages of the depot are paid. All operating expenses are met by cheques drawn on the general account of head office.

By the Chairman:

Q. Head office comes under audit?—A. Yes. Continuing:

STAFF

The cessation of hostilities, which brought to the corporation the almost overwhelming task of disposing of the vast quantity of materials, etc., no longer required for war purposes, increased staff difficulties, which were already causing anxiety, to the point where lack of efficient staff seriously hampers the smooth running of the accounting and audit work. The securing and holding of properly trained and experienced personnel is one of the major problems with which the corporation is faced and the constantly changing personnel makes it extremely difficult to operate as efficiently as would be possible with a permanent staff.

INTERIM FINANCIAL STATEMENTS

Appended hereto as Schedule "A" is the Balance Sheet as at September 30, 1945, and as Schedule "B" the Operating Statement of the Corporation for the period April 1, 1945 to September 30, 1945. Also, as Schedule "C", is the Analysis of Liability to the Receiver General of Canada as at September 30, 1945. These statements have not been certified by the Auditor General and are submitted therefore as Interim Statements.

Schedule "A" is the interim balance sheet as at September 30, 1945.

Mr. LALONDE: Dispense, provided that it will go into the stenographer's report.

The CHAIRMAN: Shall we consider this financial statement as read, gentlemen, to be included in our record?

Some Hon. MEMBERS: Yes.

Mr. CASTLEDEN: I understand this is just a sample of the interim statement.

The CHAIRMAN: Yes.

The WITNESS: This interim statement that is produced—this is the September statement—is a monthly statement.

By Mr. Castleden:

Q. They are issued monthly?—A. Yes.

Q. Is it possible to obtain the others for each of the months since September?—A. Yes. They are available.

Q. Does the Auditor General's staff audit these monthly?—A. No. They certify the statement once a year, the annual statement.

Q. When is that? When is the end of the year?—A. The end of the year is the same as the government year, March 31st.

Q. Then I understand there will be no Auditor General's report made until March, 1946?—A. That is right.

Mr. LALONDE: I understand that we should put these other reports on the record, if they are available.

The CHAIRMAN: Oh, I doubt that very much.

Mr. LALONDE: That is all right, then.

The CHAIRMAN: Then schedule "B".

The WITNESS: Yes.

Mr. MARQUIS: Dispense.

Mr. COTE: The same thing.

(Schedule "B" follows)

SCHEDULE "B"

WAR ASSETS CORPORATION INTERIM OPERATING STATEMENT PERIOD APRIL 1/45 TO SEPTEMBER 30/45

Revenue

Authorized deduction of 5% from Net Proceeds of Sales	
Receiver General of Canada	\$1,186,333.31
Other than Receiver General	12,133.68
Miscellaneous	1,919.08
	<hr/>
	\$1,200,386.07
	<hr/>

Administrative & Operating Expenses

Administrative & Office Salaries	\$ 951,215.18
Rent, Light & Taxes	11,386.75
Printing, Stationery & Supplies	42,249.14
Travelling	74,656.34
Telegrams	4,663.77
Telephones	23,899.73
Postage & Excise Stamps	10,082.15
Legal & Audit Fees	84.51
Bank Charges	983.31
Unemployment Insurance	3,821.67
Gov't. Employees' Compensation	6.73
Sundry Admin. & Office Expense	6,990.97
Subscriptions to Publications	641.96
Freight, Express and Cartage	3,808.12
Photographic Supplies & Expenses	1,620.80
Local Transportation	1,781.91
Advertising & Publicity	1,440.20
Bldg. Operations Expense	22,413.57
Directors' Travelling Expenses	2,497.41
Executive Exp. (other than travel)	2,394.48
Staff Moving & Living Expenses	15,041.17
Pension Contributions	283.38
Automobile Expenses	1,293.13
Inspection Expenses	382.17
Bldg. Alterations & Improv'ts	5,156.98
Office Furniture & Fixtures	6,505.71
	<hr/>
	\$1,195,301.24

Excess of Revenue over Expenses	\$ 5,084.83
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The WITNESS: Mr. Castleden, may I add this, please: the Auditor General has a resident man,—two or three men, in fact—in our building and they are checking the work perpetually.

By Mr. Castleden:

Q. I understand.—A. But they do not produce a certified statement except annually.

Q. They are checking continuously?—A. They are checking all the time.

Mr. REID: Could I ask one question regarding the financial statement and schedule "C" and as to gross proceeds from sales. I am not going into details.

The CHAIRMAN: I am taking it for granted that it is in order to include schedule "B". Now we are at schedule "C".

Mr. REID: You have not read "C" but it will be included.

Mr. LALONDE: Yes, dispense.

Mr. REID: Reading of it was dispensed with, but it will be put in the record.

SCHEDULE "C"

WAR ASSETS CORPORATION ANALYSIS OF LIABILITY TO THE RECEIVER GENERAL
OF CANADA AS AT SEPTEMBER 30, 1945

Balance as at March 31, 1945.....		\$ 2,055,800 44
Gross Proceeds from sales for period—		
April 1, 1945, to September 30, 1945.....	\$ 24,422,416 70	
<i>Less—</i>		
<i>Direct Charges and Operating Expenses</i>		
Freight, Handling, Packing and Recon-		
ditioning of Clothing	\$ 227,526 82	
Warehousing	383,685 95	
Dismantling and Scrapping	50,247 58	
Technical Services and Consulting Fees	34,290 01	695,750 36
		<hr/> 23,726,666,34
<i>Less—</i>		
Authorized deduction of 5% Commission	1,186,333 31	22,540,333 03
		<hr/> 24,596,133 47
<i>Deduct—</i>		
Remittances for period—		
April 1, 1945, to Sept. 30, 1945.....		13,443,964 98
<i>Due to Receiver General of Canada.....</i>		<hr/> <hr/> \$ 11,152,168 49

Mr. REID: My question is this. Gross proceeds from sales are shown as \$24,422,416.70, and on schedule "B", total revenue is \$1,200,386.07. If you take \$24,422,000 odd sales at 5 per cent, which you say you receive, that figure should be \$1,220,000.

The CHAIRMAN: I think it was only 3 per cent up to March 31st.

Mr. REID: No.

The CHAIRMAN: Will you answer that question, please?

Mr. REID: He says from March 31st of this year to September it was 5 per cent.

The WITNESS: It is 5 per cent on the gross proceeds of sales less direct charges: 5 per cent on that figure of \$23,726,666.

Mr. REID: That would explain it.

The WITNESS: Which is \$1,186,000, the figure carried onto schedule "B". That is the first item.

The CHAIRMAN: Thank you, Mr. Brooks.

By Mr. Castleden:

Q. It shows that your operating expenses are covered almost by the deductions?—A. Yes, they were.

Q. At that time.—A. Within about \$5,000 to spare.

Q. If your rate of sales per month increases as rapidly as it is likely to do, and as it is already shown to be doing, it is likely that the 5 per cent will more than cover the cost of operating expenses?—A. I am afraid there will be a corresponding increase in the expenses to deal with the increased volume.

By Mr. Reid:

Q. I was just going to ask a question along that line. Probably the increase in staff will take up any increase in revenue received from the increased sales. I take it that as time goes on you will require more staff as the material comes in in larger volume?—A. That is something that I could only guess at. I really do not know.

By Mr. Marquis:

Q. If there is excess revenue at the end, it will be transferred to the general account?—A. It remains here, because we have a deficit in the previous year's operations.

Q. But later on, you will have to take that excess revenue into the general account. It will not change anything. If there is an excess of revenue due to the increase of sales, it will be turned over.—A. It all belongs to the Crown, yes.

Mr. LALONDE: Not till after Christmas.

Mr. SHAW: On page 4 it states, "It must be realized that many of the goods sold have never been physically checked and sales have been consummated on the basis of descriptions given on declarations of surplus." Do you think that is good business? I have this in mind. A branch of the service, for example, will make a certain declaration to the corporation. Then the corporation may authorize that branch of the service to dispose of certain goods on the basis of the declaration which they made. In other words, they may say, "Scrap it." You have never seen the goods. You are going on the statement made by the services; and I must confess that, in certain instances, I have had reason to believe that the service is in no position to know what use can be made of certain of these commodities outside of the service. I think you are leaving yourself wide open there by not making a physical check of certain of these goods before authorizing their disposal, more particularly by reason of scrap.

Mr. BERRY: I think I might answer that, with your permission, Mr. Chairman.

The CHAIRMAN: Yes. That concludes your brief, does it Mr. Brooks?

The WITNESS: Yes.

The CHAIRMAN: Then we can let Mr. Brooks go. Mr. Berry will present the next brief. That is in the form of an observation for the advice or suggested advice of Mr. Berry and his organization. Is that it, Mr. Shaw?

Mr. SHAW: That is right.

Mr. BERRY: I should like to make an observation on that.

Mr. SHAW: I should appreciate it.

The CHAIRMAN: May I say that it is a very wide question. It is one which, from the business standpoint, I myself should like to be taking part in. But if I do, and if I allow this discussion to carry on, you are not going to have the brief presented to you; and I am anxious that you should have the complete picture.

Mr. CASTLEDEN: Before hearing the brief, Mr. Chairman, may I ask a question of Mr. Brooks, although he has left the table.

The CHAIRMAN: Yes, if it is brief.

By Mr. Castleden:

Q. It was intimated at the last meeting that a record was being kept of every sale made by War Assets Corporation and in that the estimated present value of the material sold was placed, but not the original cost.—A. That is right.

Q. When these materials are passed over to you a listing of the original cost is supplied. Would it not be possible to include in your report of sales the original cost as handed to you by the department?—A. In many cases we have not got the original cost. In specific instances such as those of machine tools and buildings, it could be obtained from the department that incurred the expenditure originally, and that we do. But we make no attempt to keep the declared values or original costs.

Q. No, the original cost as handed to you, to be maintained in your record on the sales. This compilation here shows in one column the original costs, not for all but for most.—A. Where it is necessary or desirable that we should have it, we get it if we can. But we do not as a general practice record the declared values. We could get them in specific instances, as in the case of buildings and ships. But when it comes to most of the consumer goods, miscellaneous things of that kind, it is not possible to do so.

Q. I recognize that there are difficulties there, but where they are handed to you, could they not be continued on in your department?—A. We keep a record of these where the declared values are given to us with the declaration.

Q. Why could they not be included in the report on the sales?—A. Because it is almost impossible to match those. We might get a declaration such as to-day, and we might dispose of those goods over a period of time, and the matching of them is impossible to do.

Q. I do not see why it is necessary to omit then in any case, so long as we have them to spare.

Mr. BERRY: Could I say something?

The CHAIRMAN: Not just now. If you wish me to call Mr. Brooks back, I should be very pleased to do so. But certainly I should like to know what is going on, and not have a private conversation, such as has developed.

Mr. CASTLEDEN: Well, I do want this. I want to know whether or not such information could or could not be placed on the records of sales for the information of those who would like to inquire.

The CHAIRMAN: That is a very fair observation. I think perhaps we will have the record of that now, and we will consider it.

Mr. SHAW: May I ask if Mr. Berry is going to deal with the matter that I raised, in the course of his presentation?

The CHAIRMAN: I think you set out your point very well, Mr. Castleden, and it is definitely on record. I think Mr. Berry will take that into consideration.

Mr. CASTLEDEN: Thank you.

Mr. SHAW: Is Mr. Berry going to deal with this matter?

The CHAIRMAN: He is going to deal with it briefly and then go on with his brief.

Mr. J. H. BERRY, *recalled*:

The WITNESS: I think I can answer that in general, Mr. Chairman, by simply saying that in my own brief I mentioned the fact that the sales department was taking over items, and following my assumption of duties with the corporation we decided to set up a supply department which would have the responsibility only of taking over, physically examining, counting and taking custody of surplus, prior to its coming into the hands of the sales department.

By Mr. Shaw:

Q. That will be done in all cases?—A. That is being done in all cases.

Q. I think that will obviate the recurrence of the condition which did arise previously.—A. I think I might revise my statement by saying that will be done in all cases as soon as I can get the staff able to do it.

Q. I hope it will be done soon, because I think it is at the root of much of our trouble.—A. The system is worked out. Now it is a question of getting the personnel. In a large number of cases it is now being done.

The CHAIRMAN: Now, Mr. Berry, will you present your brief?

The WITNESS: Mr. Chairman, the next brief I have has the title of War Surplus Branch and Custodian Sales Section, War Assets Corporation.

By Mr. McGregor:

Q. Mr. Berry, talking about this company, have you any idea of how many in the way of staff you will need before things get to the peak in this thing—
A. I am afraid I have not. I do not know the volume of business that I have to accomplish.

Mr. SHAW: Reckoning for a sales volume of approximately \$10,000,000 a month.

The WITNESS: I am working for \$10,000,000 a month. That is my target at the moment. Whether we will subsequently be able to run higher than that and successfully complete the job of the disposal of war surplus—

Mr. SHAW: Let us assume now that you reach your objective of \$10,000,000 a month; have you been able to establish the staff that you shall have to have in order to carry on a business of those proportions?

The WITNESS: My best figure, my best guess at the moment to handle a \$10,000,000 a month business would require approximately 4,000. That is my best guess.

Mr. SHAW: But you are short of that at the present time?

The WITNESS: The last figure I saw was I think 2,600.

Mr. SHAW: That is 1,400 short still.

The WITNESS: That is the last figure I saw. There have been some additions to the staff since then.

The CHAIRMAN: And that same proportion would increase about 35 per cent your higher grade officials?

The WITNESS: I am faced with a peculiar problem. In normal business you build up slowly to that volume, let us say you start at \$100 a month, you gradually increase, if you are a good business man and fairly lucky, in a period of 20 years you may have that volume up to \$1,000,000 a month. During that 20 years you take on your staff, gradually build up your staff and gradually build up your stock till you get it to the point where you want it. I am faced with the reverse of that situation. I am now faced with starting a business with a volume of \$5,000,000 a month with sufficient stock probably to last me for three years; and I am trying to take over this stock that is going to last me for three years as fast as I can, catalogue it, sort it out, sell it as fast as I can during the time when the market is relatively strong.

The CHAIRMAN: Yes.

Mr. LALONDE: Will you tell the committee what procedure you are following when hiring personnel: are you dealing with the civil service commission or are you advertising positions in some other way?

The WITNESS: My reply to that, Mr. Chairman; there will be in the next brief following this one, possibly the last brief, with your permission, will deal with the question of personnel and our method of trying to get personnel, and how we handle them.

Mr. MCGREGOR: Do you keep a record of the preferences given to ex-service men? Do they get a preference with you?

The WITNESS: Oh, yes; a reference to that is included in the brief which will be presented on organization.

The CHAIRMAN: All right, Mr. Berry; will you proceed with the next brief, please?

The WITNESS: During the early part of 1945, it became apparent that certain buildings and production equipment owned by the crown, and provided for the production of munitions of war, could be disposed of to the users,

providing they, in turn, agreed to retain the buildings and equipment in such a condition that they could continue with their war programs.

The basic thought behind this disposal project during the continuance of the war was to enable industrialists to know, within reason, what facilities, created for war purposes, would definitely be available to them for post-war purposes, thus permitting a certain amount of reconversion planning.

To further this project, P.C. Order No. 941 was approved by the Governor in Council on 13 February, 1945. Copies of this Order are attached to the copies of this brief. At the same time, the war surplus branch of the Department of Reconstruction was set up.

At a later date, the activities of the branch were expanded to include the sale of industrial buildings to manufacturers, other than the occupiers, in a position to employ labour either by creating new industries in Canada or expanding their present activities; and the sale of complete communication systems. During the continuance of the war, all sales were effected subject to a clause which read:—

That until the termination of the war, the same will not be disposed of by the purchasers without the consent of the Minister of Munitions and Supply and will be held available for use for purposes connected with war production, and also that any such machinery and/or production equipment may be re-purchased by or for the account of His Majesty at the price at which it was sold by the crown less a proper allowance for depreciation from the date of such sale.

and following the termination of hostilities, the clause was changed to read:—

It is an essential condition of this recommended sale that the purchaser is acquiring the machine tools and/or production equipment referred to above for its own use and that it is not purchased with the intention of re-sale.

The branch, now the custodian sales section of War Assets Corporation, is divided into three sub-sections, as follows:—

Lands and buildings
Machinery and equipment
Service and statistical

The price policy under which the lands and buildings sub-section operates in the case of sales to present occupiers, who are required to give details of the use to which they propose to put the property, is generally as follows:—

Deduct from the original cost to the Crown:—

- (a) any special features incorporated in the building for specific war purposes. An example of this type of feature would be a rifle testing range or extra heavy craneways for handling such things as tanks.
- (b) the estimated additional wartime cost of construction based on the following percentages:—

	Per cent
(1) Buildings constructed mainly in 1939.....	100
(2) " " " " 1940.....	108
(3) " " " " 1941.....	118
(4) " " " " 1942.....	126
(5) " " " " 1943.....	131
(6) " " " " 1944.....	135

plus allowance for excessive cost of work done during winter months or by overtime, etc.

- (c) standard applicable rate of depreciation from date of completion to date of purchase. This will then give a basic value.
- (d) The basic value referred to in (c) above may then be subject to further adjustment after consideration of the ability of the purchaser to make use of the buildings in accordance with the facts submitted and of the following economic factors.
 - (1) increase the possibility of employment.
 - (2) provide for the manufacture in Canada of a new product previously imported.
 - (3) substantially improve working conditions as compared to existing operations.
 - (4) provide facilities which will permit a more economic operation as compared to existing operations.
 - (5) provide desirable manufacturing facilities to make anticipated increases in the domestic or export market.
 - (6) provide a desirable redistribution of industry and employment.
- (e) The basic price may also be adjusted to allow for the estimated cost of reconversion of the building for use by the purchaser, providing the facts submitted are considered to be in the national interest and justifiable.

When the branch undertook the sale of industrial buildings to other than the occupier, the policy established called for such buildings to be advertised for sale, and any offers to purchase to be submitted to the Director-General of Industrial Reconversion for his decision as to the most desirable occupant after investigation of the bidders' proposals for use in accordance with the economic factors mentioned previously in section (d) (1) to (6) of this brief.

After investigation of the purchaser's financial position, extended terms of payment may be granted. These terms will include provision for any outstanding balance to be secured by a suitable mortgage on the property or an assignment of refundable portion of the purchaser's excess profits tax accrued with the Department of National Revenue, such outstanding balance to carry interest at the rate of $3\frac{1}{4}$ per cent per annum, which will be reduced in effect to 2 per cent per annum to the extent that any payments on account of such outstanding balance are made under an assignment of excess profits tax as mentioned above.

There have arisen from time to time proposals which in the opinion of officers of the Department of Reconstruction, have called for urgent action, and as the proper advertising procedure takes on an average more than a month, in certain cases the advertising was not done, and buildings were sold by negotiation to users who had to know within a short period whether they could obtain property in Canada or not. These special cases were considered by the responsible officers of the Department of Reconstruction, who made the necessary investigations as to the desirability of the operations proposed by the bidder and the essentiality of speed in concluding the negotiations. In such cases, the pricing formula established for the sale of properties to custodians and users was followed with the emphasis on the economic factors as represented.

The machinery and equipment section sells only to custodians or to purchasers of buildings who wish to purchase machines and equipment installed in the buildings they have purchased from the Crown. The selling prices are determined as follows:—

The custodian sends to us a list of equipment he wishes to purchase, giving us the financial encumbrance number, government item number, description of the material, original Canadian costs less freight and installation charges, date of installation and the condition and age of the machinery. This list is then checked with the central inventory records division of the Department of Munitions and Supply, which certifies as to the accuracy of these figures. After the list has been checked and certified in this way, steps are

taken to determine a price for the equipment, after allowing for depreciation as follows:—

- (a) The original Canadian cost, after deduction of freight and installation charges, is dropped to 68.2% to equalize the cost of machinery purchased in normal times.
- (b) A further depreciation of .9% per month for the number of months since the machine was installed (up to a maximum of 48 months) is deducted. It should be noted that this deduction is based on 100% original Canadian cost, less freight and installation charges, and not on such cost after reduction to 68.2%.

These deductions would, in the case of maximum depreciation, reduce this equipment to 25% of its original Canadian cost, less freight and installation. We call this the floor price. Using the floor price as a base, the following percentages are added to arrive at the selling price:—

On sales up to \$100.00—we add to the floor price 20%.
 Between \$101.00 and \$500.00—we add to the floor price 15%.
 Between \$501.00 and \$2,000.00—we add to the floor price 12½%.
 Between \$2,001.00 and \$5,000.00—we add to the floor price 10%.
 Between \$5,001.00 and \$25,000.00—we add to the floor price 7½%.
 Between \$25,001.00 and \$100,000.00—we add to the floor price 5%.
 Over \$100,000.00—we add to the floor price 3%.

These calculations are basically in accordance with Order in Council 7909, dated October 10, 1944, which was drafted after consultation with machine tool experts (copy attached).

Office furniture and equipment is sold on the basis of original cost less .9% per month depreciation. This differs from the sale of machines and equipment, as we start with the original cost instead of 68.2% of the original cost.

There are certain items of single purpose or specialized equipment to which the formula is not applied, and sales are made at negotiated prices. One example of such an item is a heat treatment furnace or a cupola. A furnace, if moved from its foundations, has to be completely dismantled, and as a rule, the used brickwork and lining have no salvage value.

About 90% of our machinery and equipment sales are on a cash basis, with title being given to the purchaser on receipt of his remittance. The other 10% is made up by term sales, which are divided into two categories:—

- (1) Sales in which a minimum of 50% of the purchase price is paid in cash on closing, and the balance is payable over a period not exceeding three years and to carry interest on the amount remaining unpaid at the rate of 3½% per annum.
- (2) Sales in which any outstanding balance of the purchase price is to be secured by an assignment of the refundable portion of the purchaser's excess profits tax accrued with the Department of National Revenue, and to carry interest on the amount remaining unpaid at the rate of 2% per annum.

The service and statistical subsection performs two distinct functions:

The service part is in reality an information section for prospective purchasers of surplus, and provides guidance as to policy and the correct contacts within the Corporation.

The statistical part maintains records of all sales made by the custodian section. Transactions are followed by means of an "incomplete" ledger through negotiations, documentation and authorization to completion. They are then entered in a complete ledger.

All sales made by the war surplus branch were passed to War Assets Corporation for invoicing and collection, so that, in practice, the branch acted as an agent of the Corporation. Following my appointment as president of the Corporation in July last, and as part of the general reorganization to which I have referred elsewhere, the branch became the custodian sales section of the Corporation, so effecting a consolidation of effort.

Attached to this brief is a statement of sales made and invoiced by the branch, and later by the custodian section, giving the original name of the property or custodian, the name of the purchaser, the original cost to the Crown, and the price realized on the sale.

P.C. 941

PRIVY COUNCIL

CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 13th day of February, 1945.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

Whereas the Minister of Reconstruction and Minister of Munitions and Supply report:

That by Order in Council P.C. 7909, of October 10, 1944, provision was made for the sale, on certain condition, of Crown owned production equipment, which, while not unnecessary for war production, is not, and is not likely to be, fully utilized for war production;

That certain other Crown owned property, particularly land and buildings, is in a similar position, and in many cases such land and buildings are intermingled with the lands and buildings of a particular contractor, the whole being used or partially used for war production;

That certain contractors have indicated that they desire at the present time to purchase such Crown owned land and buildings in order that their plants may be integrated, and further, that they are prepared to make such purchase subject to conditions to the effect that, until the termination of the war, such land and buildings will not be disposed of by them without the consent of the Minister of Munitions and Supply, and will be held available for use for purposes connected with war production;

That by virtue of the provisions of the Surplus Crown Assets Act, the Department of Reconstruction is vested with the sole authority to dispose of surplus Crown assets, as therein defined, and is equipped to negotiate and complete the sale of Crown property;

That the land and buildings above referred to are not surplus Crown assets within the meaning of the said Act, but it is not deemed advisable for the Department of Munitions and Supply and the Department of Reconstruction to proceed simultaneously and independently with sales of similar types of Crown assets;

That it is accordingly proposed, subject to the approval of the Governor in Council to institute the following procedure:

1. Upon the request of the Department of Munitions and Supply the Department of Reconstruction will proceed with negotiations for the sale of any Crown property under the administration of the Department of Munitions and Supply, and, if such negotiations are successful, will complete such sale;

2. Any such sale is to be made subject to such terms and conditions and restrictions as may be specified in the request from the Department of Munitions and Supply to the Department of Reconstruction;
3. Upon the completion of any such sale the Department of Reconstruction will so notify the Department of Munitions and Supply. Any Crown property so sold is to be dealt with on the books of the Department of Munitions and Supply as if such property had been reported as surplus Crown assets under the Surplus Crown Assets Act, and the proceeds of any such sale are to be dealt with as if it were a sale of Crown property under the administration of the Department of Reconstruction;

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Reconstruction and the Minister of Munitions and Supply, and under and by virtue of the powers conferred by The Department of Munitions and Supply Act, The Department of Reconstruction Act and the Surplus Crown Assets Act, is hereby pleased to approve the above procedure and to authorize the Department of Munitions and Supply and the Department of Reconstruction to proceed in accordance therewith.

A. D. P. HEENEY,

Clerk of the Privy Council.

P.C. 7909

PRIVY COUNCIL

CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 10th day of October, 1944.

PRESENT

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

Whereas the Minister of Munitions and Supply reports:—

1. That by Order in Council P.C. 1339 of March 4th, 1944, as amended by Order in Council P.C. 5300 of July 12th, 1944, the Minister of Munitions and Supply was authorized to transfer to War Assets Corporation, and War Assets Corporation was authorized to sell, subject to the qualifications therein set out, machine tools which fall within two classes, namely:—

- (a) machine tools which are surplus Crown assets as now defined in the Surplus Crown Assets Act; and
- (b) machine tools which are not surplus Crown assets as so defined but are not, and are not likely to be fully utilized for war production;

2. That experience has indicated that certain changes in the procedure authorized by the said Order in Council are advisable, particularly that the two classes of machine tools above mentioned should be dealt with separately and that the same qualifications and conditions should not apply to both, that the procedure be extended to include other production equipment and that the method of pricing be changed;

3. That, dealing with the firstly above mentioned class, the Crown Assets Allocation Committee has accordingly recommended that Order in Council P.C. 1339 be revoked and that the Minister of Munitions and Supply be authorized to transfer to War Assets Corporation machine tools and other

production equipment (hereinafter collectively called "production equipment") reported to him from time to time pursuant to the provisions of the Surplus Crown Assets Act, to be disposed of by War Assets Corporation subject to the following qualifications and conditions:—

- (1) That, subject to the instructions of the said Minister, any such production equipment may be sold by War Assets Corporation to such persons, firms or corporations and upon such terms as the Corporation may deem proper;
- (2) That, in fixing the prices for such production equipment sold or offered for sale by it, War Assets Corporation may take into account the fact that in the majority of cases the cost of production equipment acquired by His Majesty for war purposes (much of which was of necessity imported from the United States) was substantially higher than the pre-war cost or the probable post-war cost of similar production equipment and may also take into account the extent to which such production equipment has been used prior to the sale thereof;
- (3) That, except with the approval of the said Minister, no such production equipment shall be sold at a price less than 68.2% of the Canadian cost thereof less depreciation at the rate of 0.9% of such cost per month for each month during which such production equipment was in operation, provided that in no event (except with such approval) shall any such production equipment be sold at a price less than 25% of such cost; and "Canadian cost" shall not include transportation charges or installation cost but shall include exchange paid or payable, together with duty, war exchange tax, sales and excise taxes normally payable with respect to such production equipment, whether or not the said duties and taxes were paid or payable or were exempted, remitted or refunded at the time of purchase or importation thereof or subsequently;

4. That, dealing with the secondly above mentioned class, the Machine Tool War Service Committee, which was constituted to act on behalf of the Machine Tools Controller and the Co-ordinator of Production of the Department of Munitions and Supply for the purpose of advising as to the most efficient allocation and use for war production of machine tools owned by His Majesty, and under the control and administration of the Department of Munitions and Supply, advises that in present and anticipated war requirements certain production equipment, while not unnecessary to such requirements, is not, and is not likely to be, fully utilized for war production;

5. That the Department of Munitions and Supply has received numerous applications and enquiries from manufacturers and others who have intimated that they would be prepared to purchase certain of such production equipment either immediately or at a future date;

6. That the Machine Tool War Service Committee accordingly recommends that the Minister of Munitions and Supply be authorized to transfer such production equipment to War Assets Corporation, which shall thereupon assume responsibility for the custody and disposal thereof and shall proceed to sell the same subject to the qualifications and conditions set forth in clauses (2) and (3) of paragraph 3 hereof, and to the following additional conditions:—

- (a) that no such production equipment shall be sold to any person, firm or corporation except as directed by the said Minister;
- (b) that all sales of such production equipment by War Assets Corporation shall be upon terms that until the termination of the war the

same will not be disposed of by the purchasers without the consent of the Minister of Munitions and Supply, and will be held available for use for purposes connected with war production, and also that any such production equipment may be repurchased by or for the account of His Majesty at the prices at which it was sold by War Assets Corporation less a proper allowance for depreciation from the date of such sale;

7. That the Crown Assets Allocation Committee concurs in the above recommendation of the Machine Tool War Service Committee; and

8. That the Minister of Munitions and Supply is of the opinion that the procedure as so recommended will be in the public interest.

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Munitions and Supply, and under and by virtue of the powers conferred by the Surplus Crown Assets is pleased hereby to revoke Order in Council P.C. 1339 of March 4th, 1944, to approve the above recommendations of Crown Assets Allocation Committee and the Machine Tool War Service Committee and to authorize the Minister of Munitions and Supply and War Assets Corporation to proceed in accordance therewith.

A. D. P. HEENEY,
Clerk of the Privy Council.

WAR ASSETS CORPORATION, OTTAWA BRANCH

SUMMARY OF CUSTODIAN SALES TO NOVEMBER 30, 1945

(A)—LANDS AND BUILDINGS

Date	Location	Purchaser	Percentage Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts.	\$ cts.	
	Canadian General Electric Co., Peterborough, Ont. Aluminum Goods Limited, Toronto, Ont.	Custodian. Canadian Triangle & Cable Co., Toronto, Ont.	59.6 50.8	1,927,498 00 157,299 68	1,150,000 00 80,000 00	Cash. \$20,000.00 cash, balance 10 annual instalments. Interest 3½%.
April April	Parker Pen Co. Ltd., Toronto, Ont. Canadian Locomotive Co., Kingston, Ont.	Custodian. Custodian.	50.8 54.2	25,600 00 322,465 40	13,000 00 175,000 00	Cash. Assignment of excess profits tax. Interest 2½%.
May May	Hamilton Munitions Ltd., Hamilton, Ont. Canadian Propellers Ltd., Montreal, Que.	Canadian Westinghouse Co., Hamilton, Ont. Steinbergs Groceterias Ltd., Montreal, Que.	52.8 54.7	1,324,232 08 914,056 54	700,000 00 500,000 00	Cash. \$100,000.00 cash; balance 15 annual instalments. Interest 3%.
Aug.	Canada Strip Mill, New Toronto, Ont.	Anacanda American Brass Co., New Toronto, Ont.	44.5	1,022,047 14	455,000 00	Cash.
Sept.	MacDonald Bros. Aircraft, Winnipeg, Man.	Custodian.	19.7	126,899 36	25,000 00	Cash.
Sept.	Research Enterprises Ltd., Leaside, Ont.	Corning Glass Works, Corning, N. Y.	28.8	522,000 00	150,000 00	Cash.
Nov.	St. Catharines Steel Prod., St. Catharines, Ont.	Canadian Comstock Co. Ltd., St. Catharines, Ont.	24.1	455,940 17	110,000 00	Cash.
Nov.	Truscon Steel Co. of Canada, Walkerville, Ont.	Custodian.	9.8	34,496 83	3,400 00	Cash.
Nov.	York Arsenal Limited (Tor.), Toronto, Ont.	Dominion Stores Limited, Toronto, Ont.	46.0	1,304,240 87	600,000 00	Cash.
Nov.	John Inglis Company, Toronto, Ont.	Custodian.	45.3	794,428 68	359,678 16	Assignment of excess pro- fit. Interest 2%.
TOTAL SALES OF LAND AND BUILDINGS TO DATE.			48.3	8,931,204 75	4,321,078 16	

(C)—COMPLETE ESTABLISHMENTS

Date	Location	Purchaser	Percent- age Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts.	\$ cts.	
May.....	Valleyfield Sulphuric Acid Plant, Clark Island, Que.	Nichols Chemical Co. Ltd., Montreal, Que.	52.3	1,336,306 00	700,000 00	Cash.
June.....	Dominion Magnesium Limited, Haley's Corners, Ont.	Dominion Magnesium Ltd., Toronto, Ont.	40.4	3,461,860 73	1,400,000 00	(See below) *A.
July.....	Hayes Steel Products Limited, Merrittton, Ont.	Custodian.....	28.7	1,733,052 07	497,867 35	Assignment of excess pro- fit. Interest 2%. Bal- ance 10 annual instal- ments. 3 1/2% interest.
Sept.....	La Corne Molybdenum Project, Val d'Or, Que.	Molybdenite Corp. of Can., Montreal, Que.	16.9	443,068 35	75,000 00	Cash.
Sept.....	Cresswell Pomeroy Limited, Montreal, Que.	Cresswell Roll Forming Co. Ltd., Mont- real, Que.	34.7	195,704 38	68,000 00	Balance 4 quarterly instal- ments. Interest 3 1/2%.
Sept.....	Dominion Engineering Works, Lachine, Que.	Custodian.....	32.6	2,298,096 21	750,000 00	Balance assignment of ex- cess profit. Interest 2%.
Oct.....	Shawinigan Chemicals Ltd., Shawinigan Falls, Que., Bedford, Que.	Shawinigan Falls Ltd., Montreal, Que....	30.4	4,117,057 84	1,250,000 00	(See below) *B.
TOTAL SALES OF COMPLETE ESTABLISHMENTS TO DATE.....			34.9	13,585,145 53	4,740,867 35	

*A—\$100,000.00 cash, balance at the rate of 1c. per pound of magnesium sold, such payments to be made annually and in no event to be less than \$50,000.00 including interest, in any one year. Interest to be paid on the outstanding balance at the rate of 3 1/2% per annum.

*B—\$100,000.00 cash. On or before Oct. 1 each year, starting Oct. 1, 1946. \$100,000.00 or the amount of excess profits tax refunded during the previous 12 months if larger than \$100,000.00. Interest 3 1/2%.

(B)—MACHINERY AND EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts.	\$ cts.	
April	Modern Tool Works Ltd., Toronto, Ont.	Custodian	32.8	379,917 80	125,000 00	Cash.
April	Canada Cycle & Motor Co. Ltd., Weston, Ont.	Custodian	36.8	95,020 78	35,000 00	Cash.
April	Ford Motor Co. of Can. Ltd., Windsor, Ont.	Custodian	42.1	1,601,864 75	675,000 00	Cash.
April	Scott Tool & Machine Co. Ltd., Montreal, Que.	Custodian	39.0	70,442 19	27,500 00	Cash.
April	John T. Hepburn Limited, Toronto, Ont.	Custodian	36.0	221,716 52	80,000 00	Cash.
April	Aluminum Goods Limited, Toronto, Ont.	Canadian Triangle Wire & Cable, Toronto, Ont.	58.0	431 40	250 00	Cash.
April	Canadian Locomotive Co., Ltd., Kingston, Ont.	Custodian	34.9	525,891 69	184,000 00	Assignment of profit.
April	Canadian Ingersoll-Rand Co., Sherbrooke, Que.	Canadian Ingersoll-Rand	41.4	90,621 93	37,500 00	Cash. Interest 2%.
April	A.E.D.B. Dept. Munitions & Supply, Ottawa, Ont.	Patterson Motors, Ottawa, Ont.	53.3	5,809 14	3,100 00	Cash.
April	Canadian Airways Ltd., St. James, Man.	Mid-West Aircraft Ltd., Winnipeg, Man.	26.5	9,219 38	2,440 40	Cash.
April	Mid-West Aircraft Ltd., Winnipeg, Man.	Mid-West Aircraft Ltd., Winnipeg, Man.	31.2	3,840 11	1,198 71	Cash.
April	Aluminum Goods Ltd., Toronto, Ont.	Canadian Triangle Wire & Cable, Toronto, Ont.	35.3	5,655 48	2,000 00	Cash.
April	Port Colborne Iron Works Ltd., Port Colborne, Ont.	Custodian	50.0	1,951 33	975 00	Cash.
April	Richards Engineering Co., Vancouver, B.C.	Custodian	37.1	18,817 52	7,000 00	50% cash, balance 12 monthly payments with interest at 3 1/2% per annum.
April	Canadian Westinghouse Co. Ltd., Hamilton, Ont.	Custodian	45.7	4,040 04	1,850 00	Cash.
May	Wings Construction Ltd., Edmonton, Alta.	Custodian	45.6	3,944 82	1,800 00	Cash.
May	S & S Aircraft, Winnipeg, Man.	Custodian	30.7	3,247 00	1,000 00	Cash.
May	Mid-West Aircraft, Winnipeg, Man.	Custodian	34.3	1,237 08	425 00	Cash.
May	Babcock-Wilcox and Goldie McCulloch Ltd., Galt, Ont.	Custodian	37.5	160 00	60 00	Cash.
May	Massey-Harris, Brantford, Ont.	Custodian	49.8	7,022 04	3,500 00	Cash.
May	Miner Rubber Co., Granby, Que.	Custodian	46.1	14,640 72	6,744 37	Cash.
May	Massey-Harris, Weston, Ont.	Custodian	50.3	29,797 52	15,000 00	Cash.
May	Moffatts Limited, Weston, Ont.	Custodian	47.1	77,504 99	36,500 00	Assignment of accrued excess profits.
May	Galt Metal Industries Ltd., Galt, Ont.	Custodian	56.3	26,620 00	15,000 00	Assignment of accrued excess profits.
May	Northern Electric Co. Ltd., Montreal, Que.	Custodian	35.2	160,317 80	56,500 00	Cash.

May	Guelph Stove Co., Guelph, Ont.	Custodian.	43-9	155,039 56	68,179 29	Assignment of accrued excess profits.
May	Thompson Products, St. Catharines, Ont.	Custodian.	58-2	730 00	425 00	Cash.
May	Sherbrooke Pneumatic Tool Co., Sherbrooke	Custodian.	40-0	13,112 78	5,250 00	Cash.
May	Babcock & Wilcox and Goldie McCulloch, Galt, Ont.	Custodian.	40-2	6,217 72	2,500 00	Cash.
May	Rainbow Plastic Products, Gatineau Point, Que.	Custodian.	42-7	1,519 38	650 00	Cash.
May	Alexander Fleck Ltd., Ottawa, Ont.	Custodian.	40-9	35,421 45	14,500 00	Cash.
May	United Shoe Machinery Co., Montreal, Que.	Custodian.	41-8	135,240 12	56,655 00	Cash.
May	Scott Tool & Machine Co., Montreal, Que.	Custodian.	28-5	5,260 00	1,500 00	Cash.
May	Frost & Wood Company, Smith Falls, Ont.	Custodian.	32-8	16,743 86	5,500 00	Cash.
May	Fisher Gauge Works, Peterborough, Ont.	Custodian.	33-1	2,566 04	850 00	Cash.
May	J. Fred Williamson, Saint John, N.B.	Custodian.	36-6	4,100 00	1,500 00	Cash.
May	Moffats Limited, Weston, Ont.	Custodian.	30-1	66,240 95	20,000 00	Assignment of accrued excess profits.
May	Seiberling Rubber Co., Toronto, Ont.	Custodian.	25-2	99,035 85	25,000 00	Assignment of accrued excess profits.
May	M & C Aviation, Prince Albert, Sask.	Custodian.	49-4	1,646 55	814 00	Cash.
May	Aluminium Goods Ltd., Toronto, Ont.	Can. Triangle Wire & Cable, Toronto, Ont.	53-2	188 00	100 00	Cash.
June	Arrow-Hart & Hegman, Toronto, Ont.	Custodian.	36-8	272 11	100 00	Cash.
June	S & S Aircraft, Winnipeg, Man.	Custodian.	50-9	490 92	250 00	Cash.
June	Gooderham & Worts Ltd., Toronto, Ont.	Custodian.	53-1	235 00	125 00	Cash.
June	Mid-Town Motor Sales, Montreal, Que.	Custodian.	40-3	3,593 84	1,450 00	Cash.
June	Cockshutt Plow Company, Brantford, Ont.	Custodian.	50-6	177 86	90 00	Cash.
June	Gutta Percha Rubber Co., Toronto, Ont.	Custodian.	25-8	10,839 31	2,800 00	Cash.
June	Standard Iron & Steel Works, Toronto, Ont.	Custodian.	46-9	1,914 91	900 00	Cash.
June	Northern Engineering & Supply Co., Fort William, Ont.	Custodian.	37-6	42,466 02	16,000 00	Cash.
June	Defence Industries Limited, Montreal, Que.	Que.	53-6	74 50	40 00	Cash.
June	Canadian Industries Ltd., Montreal, Que.	Canadian Industries Ltd., Montreal, Que.	53-6	130 50	70 00	Cash.
June	S & S Aircraft Limited, Winnipeg, Man.	Custodian.	42-1	275 32	115 91	Cash.
June	Canadian Bridge Co., Walkerville, Ont.	Custodian.	60-0	75 00	45 00	Cash.
June	International Harvester, Hamilton, Ont.	Custodian.	35-5	126,750 02	45,000 00	Cash.
June	International Harvester, Hamilton, Ont.	Custodian.	40-9	30,540 70	12,500 00	Cash.
June	Hamilton Bridge Co. Ltd., Hamilton, Ont.	Custodian.	40-3	166,180 48	67,000 00	Cash.
June	Ingersoll Machine & Tool, Ingersoll, Ont.	Custodian.	29-9	101,886 20	30,500 00	Assignment of accrued excess profits.
June	Ingersoll Machine & Tool, Ingersoll, Ont.	Custodian.	40-4	60,579 76	24,500 00	Assignment of accrued excess profits.
June	Morrow Screw & Nut Company, Ingersoll, Ont.	Custodian.	36-7	110,362 59	40,500 00	Assignment of accrued excess profits.
June	Seiberling Rubber Company, Toronto, Ont.	Custodian.	26-9	926 56	250 00	Cash.
June	Thor Canadian Company, Toronto, Ont.	Custodian.	32-8	2,743 83	900 00	Cash.
June	Trans-Canada Air Lines, Winnipeg, Man.	Custodian.	36-5	129,978 41	47,500 00	Cash.
June	Duple Tool & Die Company, Toronto, Ont.	Custodian.	29-2	35,957 06	10,500 00	Cash.
June	Cockshutt Plow Company, Brantford, Ont.	Custodian.	28-3	7,061 42	2,000 00	Cash.
June	Cockshutt Plow Company, Brantford, Ont.	Custodian.	34-0	1,467 72	500 00	Cash.

(B)—MACHINERY AND EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts	\$ cts	
June.....	The Miner Rubber Company, Granby, Que.	Custodian.....	98.9	2,280 95	2,257 99	Cash.
June.....	Renfrew Electric Refrigerator, Renfrew, Ont.	Custodian.....	38.7	1,289 63	500 00	Cash.
June.....	Welland Machine & Tool Co., Welland, Ont.	Custodian.....	31.6	11,859 67	3,750 00	Cash.
June.....	The Standard Machine Works, Winnipeg, Man.	Custodian.....	36.5	8,764 46	3,200 00	Cash.
June.....	Nickleson Tool & Die, Windsor, Ont.	Custodian.....	41.9	11,912 38	5,000 00	Cash.
June.....	Federal Sales & Engineering, Georgetown, Ont.	Custodian.....	30.3	39,916 13	14,500 00	One-half cash; balance in 12 equal monthly payments.
June.....	National Steel Car Corporation, Hamilton, Ont.	Custodian.....	35.2	99,520 55	35,000 00	Cash.
June.....	Dominion Forge & Stamping Co., Walker- ville, Ont.	Custodian.....	34.8	74,493 88	26,000 00	Cash.
June.....	Motor Coach Industries, Winnipeg, Man.	Custodian.....	47.5	1,787 83	850 00	Cash.
June.....	Hydraulic Machinery Company, Montreal, Que.	Custodian.....	24.4	10,247 48	2,500 00	Cash.
June.....	Kovinsky & Sons Limited, Windsor, Ont.	Custodian.....	53.3	8,721 18	4,650 00	Cash.
June.....	Dominion Wheel & Foundries Ltd., Toronto, Ont.	Custodian.....	36.5	42,466 01	15,500 00	Cash.
June.....	Can. Ingersoll Rand Company, Sherbrooke, Que.	Custodian.....	39.9	21,291 00	8,500 00	Cash.
June.....	Arrow-Hart & Hegeman Ltd., Toronto, Ont.	Custodian.....	38.1	327 92	125 00	Cash.
June.....	Gray Forgings & Stampings Ltd., Toronto, Ont.	Custodian.....	47.9	13,566 61	6,500 00	Cash.
June.....	Commercial Fixture Co., Toronto, Ont.	Custodian.....	35.1	3,838 58	1,350 00	Cash.
June.....	Kelco Engineering Ltd., London, Ont.	Custodian.....	37.2	3,221 28	1,200 00	Cash.
June.....	Alasand Oils Limited, Fort McMurray, Alta.	Custodian.....	38.1	524 95	200 00	Cash.
June.....	Western Clock Company, Peterborough, Ont.	Custodian.....	38.2	12,433 54	4,750 00	Cash.
June.....	Alger Press Company, Oshawa, Ont.	Custodian.....	68.2	110 00	75 00	Cash.
June.....	Canadian Bridge Company, Plant No. 3, Ojibway, Ont.	Canadian Bridge Company, Montreal, Que.	34.7	64,952 48	22,500 00	Cash.
June.....	Canadian Bridge Company, Plant No. 1, Ojibway, Ont.	Canadian Bridge Company, Montreal, Que.	49.4	101,036 97	50,000 00	Cash.
July.....	Empire Brass Manufacturing Co., London, Ont.	Custodian.....	34.2	4,239 50	1,450 00	Cash.
July.....	Power Machine & Tool Ltd., Toronto, Ont.	Custodian.....	30.8	1,623 15	500 00	Cash.
July.....	Mid-West Aircraft, Winnipeg, Man.	Canadian Pacific Airlines.....	58.2	455 00	265 00	Cash.
July.....	General Steel Wares, London, Ont.	Custodian.....	43.1	232 00	100 00	Cash.

July	Coleman Lamp & Stove Co., Toronto, Ont.	Custodian	46.2	47,588 38	22,000 00	Cash.
July	International Harvester Co., Hamilton, Ont.	Custodian	34.3	23,266 97	8,000 00	Cash.
July	Canadian Pacific Railways, (Angus Shops), Montreal, Que.	Custodian	42.5	342 64	150 00	Cash.
July	Massey-Harris, Brantford, Ont.	Custodian	29.1	85 79	25 00	Cash.
July	Massey-Harris, Brantford, Ont.	Custodian	38.7	219 40	85 00	Cash.
July	Mid-West Aircraft Limited, Winnipeg, Man.	Custodian	32.7	398 24	128 60	Cash.
July	Orillia Water Light & Power Orillia, Ont.	Custodian	51.5	26,202 14	13,500 00	\$1,000 00 Cash, bal. December 1st, 1945.
July	Steel Wire Springs, Guelph, Ont.	Custodian	34.6	649 50	225 00	Cash.
July	Accurate Machine & Tool, Toronto, Ont.	Custodian	33.2	2,559 30	850 00	\$425.00 cash, bal. six monthly inst., interest 3½% per annum.
July	Canadian Tube & Steel Products, Montreal, Que.	Custodian	32.8	18,285 56	6,000 00	Cash.
July	Western Clock, Peterborough, Ont.	Custodian	35.0	8,574 93	3,000 00	Cash.
July	Anglo-Canadian Pulp & Paper Mills, Quebec, Que.	Custodian	60.0	714 00	428 40	Cash.
July	Defence Industries Ltd., Montreal, Que.	Canadian Industries Limited, Montreal, Que.	34.8	473 28	165 00	Cash.
July	Packard Electric Company, St. Catharines, Ont.	Custodian	38.6	3,101 95	1,200 00	Cash.
July	Standard Aero Engine Works, Winnipeg, Man.	Custodian	32.7	78,230 11	25,600 00	Cash.
July	Waterous Limited, Brantford, Ont.	Custodian	39.3	122,676 46	50,000 00	One-half cash, balance 12 monthly instalments, interest 3½%.
July	Border Cities Limited, Walkerville, Ont.	General Motors of Canada, Oshawa, Ont.	35.5	132,651 20	47,190 00	Cash.
July	Dunlop Tire & Rubber Company, Toronto, Ont.	Custodian	25.5	9,812 81	2,500 00	Cash.
July	Russel Brothers Limited, Owen Sound, Ont.	Custodian	35.3	19,818 02	7,000 00	Cash.
July	Canadian Kodak Co. Ltd., Toronto, Ont.	Custodian	41.5	36,115 89	15,000 00	Cash.
July	Victoria Engineering, Toronto, Ont.	Custodian	46.2	2,920 70	1,350 00	Cash.
July	Industrial Shipping Company, Mahone Bay, N.S.	Custodian	41.0	24,379 79	10,000 00	Cash.
July	Creighton & Smith Motors, Fredericton, N.B.	Custodian	39.9	7,388 87	2,950 00	Cash.
July	Canada Metal Company Ltd., Montreal, Que.	Custodian	40.1	3,982 14	1,600 00	Cash.
July	Paul-Steiner Limited, Montreal, Que.	Custodian	30.0	1,250 00	375 00	Cash.
July	Hans Lundberg, Toronto, Ont.	Custodian	30.2	298 00	90 00	Cash.
July	Hamilton Gear & Machine, Toronto, Ont.	Custodian	30.7	315,077 51	96,723 00	Cash.
July	Northern Electric Company, Montreal, Que.	Custodian	32.3	301,906 67	97,733 00	Cash.
July	Sunshine Waterloo, Waterloo, Ont.	Custodian	34.8	102,179 40	35,500 00	Cash.
July	Goodrich Rubber Company, Kitchener, Ont.	Custodian	28.6	24,949 39	7,135 52	Cash.
July	Enamel & Heating Products, Sackville, N.B.	Custodian	66.0	1,136 03	750 00	Cash.
July	National Steel Car Corporation, Hamilton, Ont.	Custodian	35.2	8,220 61	2,890 00	Cash.
July	Cockshutt Plow Company, Brantford, Ont.	Custodian	31.0	9,405 42	2,918 00	Cash.

(B)—MACHINERY AND EQUIPMENT

Date	Location	Purchaser	Percentage Cost Realized	Original Cost Price	Sales Price	Terms
			%	\$	\$	cts.
July.....	Dominion Twist Drill, Walkerville, Ont.....	Custodian.....	37-0	54,039 00	20,000 00	Assignment of excess profit. Interest 2% per annum.
July.....	Aviation Electric Company, Montreal, Que.....	Custodian.....	57-3	4,797 89	2,750 00	Cash.
July.....	Babcock-Wilcox Goldie McCulloch, Galt, Ont.....	Custodian.....	31-8	4,128 72	1,313 00	Cash.
July.....	Neptune Meters Limited, Long Branch, Ont.....	Custodian.....	41-8	19,120 67	8,000 00	Cash.
July.....	The Hafer Machine Company, Victoria, B.C.....	Custodian.....	35-3	39,002 63	13,750 00	\$6,875.00 cash. Balance in 12 monthly payments. Interest 3½%.
July.....	Canada Strip Mill, New Toronto, Ont.....	Anaconda American Brass, New Toronto, Ont.....	45-6	1,314 30	600 00	Cash.
July.....	Northern Machine Works, Bathurst, N.B.....	Custodian.....	36-4	53,566 90	19,535 00	\$10,000.00 cash. Balance 4 quarterly instalments. Interest 3½%.
July.....	Oneida Limited, Toronto, Ont.....	Custodian.....	32-2	463 35	154 00	Cash.
July.....	Ontario Forgings, Hamilton, Ont.....	Steel Company of Canada, Hamilton, Ont.....	38-0	10,542 00	4,011 00	Cash.
July.....	Massey-Harris, Toronto, Ont.....	Custodian.....	39-6	25,215 21	10,000 00	Cash.
July.....	Massey-Harris, Toronto, Ont.....	Custodian.....	33-5	53,739 27	18,000 00	Cash.
July.....	General Steel Wares, London, Ont.....	Custodian.....	59-2	1,197 39	710 00	Cash.
July.....	Enamel & Heating Products, Sackville, N.B.....	Custodian.....	45-2	19,925 33	9,000 00	Cash.
July.....	Northern Electric, Montreal, Que.....	Custodian.....	57-7	43 20	25 00	Cash.
July.....	Canadian Motor Lamp, Windsor, Ont.....	Custodian.....	30-3	34,647 75	10,500 00	Cash.
July.....	Canadian Motor Lamp, Windsor, Ont.....	Custodian.....	25-1	3,986 00	1,000 00	Cash.
July.....	Industrial School for Deaf, Montreal, Que.....	Custodian.....	28-3	17,089 43	4,844 70	Cash.
July.....	Aircraft Repair, Edmonton, Alta.....	Custodian.....	35-5	367,228 46	130,526 00	\$65,263.00 cash. Balance equal monthly payments starting 6 months later until 3 years, from date of purchase. Int. 3½%.
Aug. 25.....	Western Steel Products, Winnipeg, Man.....	Custodian.....	72-0	48 50	35 00	Cash.
Aug. 25.....	Canadian Motor Lamp Co., Windsor, Ont.....	Custodian.....	43-7	14,934 60	5,190 00	Cash.
Aug. 21.....	Windsor Tool & Die Limited, Windsor, Ont.....	Custodian.....	41-4	11,089 07	4,600 00	Cash.
Aug. 22.....	Montreal Armature Works, Montreal, Que.....	Custodian.....	28-0	2,567 88	719 00	Cash.
Aug. 23.....	Steel Co. of Canada, Toronto, Ont.....	Custodian.....	37-8	10,964 44	4,150 00	Cash.
Aug. 21.....	Oshawa Engineering & Welding Co., Oshawa, Ont.....	Custodian.....	31-3	10,541 59	3,300 00	Cash.
Aug. 21.....	N. Slater Company, Hamilton, Ont.....	Custodian.....	31-5	37,373 56	11,782 00	Cash.

Aug. 25.....	Chrysler Corporation of Canada, Windsor, Ont.	Custodian.....	40-1	1,515 00	608 00 Cash.
Aug. 21.....	Truck Engineering Limited, Woodstock, Ont.	Custodian.....	35-5	35,406 14	12,589 00 Cash.
Aug. 21.....	M & C Aviation, Prince Albert, Sask.	Central Storage Co., Ltd., Prince Albert, Sask.	22-6	1,991 20	450 00 Cash.
Aug. 21.....	Aerovox Canada Limited, Hamilton, Ont.	Custodian.....	56-3	2,099 48	1,182 60 Cash.
Aug. 21.....	Electric Steel Limited, Cap de Madeleine, Que.	Gurney Foundry Limited, Toronto, Ont.	38-2	6,032 68	2,312 00 Cash.
Aug. 24.....	Canadian Bridge Co. Ltd., Plant No. 3, Ojibway, Ont.	Canadian Bridge Co. Ltd., Walkerville, Ont.	48-8	38 87	19 00 Cash.
Aug. 24.....	Canadian Bridge Co. Ltd., Launching Ways, Ojibway, Ont.	Canadian Bridge Co. Ltd., Walkerville, Ont.	.....	830 00	450 00 Cash.
Aug. 24.....	Truscon Steel Co. of Canada, Walkerville, Ont.	Custodian.....	40-0	8,040 68	6,218 00 Cash.
Aug. 24.....	Chrysler Corporation of Canada, Windsor, Ont.	Custodian.....	41-2	3,373 40	1,389 42 Cash.
Aug. 24.....	Hamilton Munitions, Hamilton, Ont.	Canadian Westinghouse Co., Hamilton, Ont.	32-5	446,389 99	145,348 00 Cash.
Aug. 25.....	Canadian Westinghouse Co., Hamilton, Ont.	Custodian.....	45-7	189,794 80	86,741 27 Cash.
Aug. 24.....	Goodyear Tire & Rubber Co., Toronto, Ont.	Custodian.....	35-4	691,192 44	245,044 17 Cash.
Aug. 31.....	Steel Company of Canada, Montreal, Que.	Custodian.....	33-9	1,067 00	362 00 Cash.
Aug. 28.....	Canadian Ingersoll-Rand, Sherbrooke, Que.	Custodian.....	48-2	11,651 76	5,611 00 Cash.
Aug. 28.....	L. A. Young Industries, Windsor, Ont.	Custodian.....	30-1	3,605 00	1,087 00 Cash.
Aug. 28.....	Vollans Industries Limited, Orillia, Ont.	Custodian.....	26-1	7,575 67	1,971 00 Cash.
Aug. 10.....	Imperial Optical Company, Toronto, Ont.	Custodian.....	32-2	3,252 55	1,047 00 Cash.
Aug. 23.....	National Electric Refrigerator Ltd., Montmagny, Que.	Custodian.....	52-3	9,959 76	5,204 00 Cash.
Aug. 29.....	John Inglis, Toronto, Ont.	Custodian.....	40-0	18,401 58	7,368 55 Cash.
Aug. 31.....	Canadian Pacific Railway, Montreal, Que.	Custodian.....	29-0	2,399,737 20	696,114 78 Cash.
Aug. 29.....	Robert Mitchell Company, Montreal, Que.	Custodian.....	23-1	2,807 89	650 00 Cash.
Aug. 28.....	Crane Limited, Montreal, Que.	Custodian.....	27-0	56,044 78	15,179 00 Cash.
Aug. 29.....	Port Hope Sanitary Mfg. Co., Port Hope, Ont.	Custodian.....	39-0	3,020 00	1,185 00 Cash.
Aug. 29.....	Massey-Harris, Woodstock Ont.	Massey-Harris, Toronto, Ont.	32-0	43,499 44	14,000 00 Cash.
Aug. 31.....	American Can Company, Hamilton, Ont.	Custodian.....	38-0	19,644 36	7,500 00 Cash.
Aug. 31.....	Hornet Industries & Engineering, Toronto, Ont.	Custodian.....	33-0	51,357 62	16,979 23 50% cash; balance six monthly instalments starting Sept. 15; interest 3 1/2%.
Sept. 4.....	Singer Manufacturing Company, St. Johns, Que.	Custodian.....	31-1	289,994 45	90,272 00 Cash.
Aug. 31.....	Progress & Engineering Corp., Toronto, Ont.	Custodian.....	35-9	20,876 03	7,500 00 \$3,800 cash; balance six monthly instalments starting Sept. 30; interest 3 1/2%.
Aug. 31.....	Sterling Engine Works, Winnipeg, Man.	Custodian.....	40-3	9,301 22	3,750 00 50% cash; balance 12 monthly instalments starting Sept. 15; interest 3 1/2%.

(B)—MACHINERY & EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price		Sales Price		Terms
				\$	cts.	\$	cts.	
Sept. 4	Bushman Manufacturing Company, Winnipeg, Man.	Custodian	14.7	6,815	21	1,000	00	Cash.
Sept. 4	Canadian Motor Lamp Co. Ltd., Windsor, Ont.	Custodian	30.8	461	27	142	00	Cash.
Sept. 4	Standard Aero Engine Works, St. James, Man.	Custodian	70.0	307	03	214	92	Cash.
Aug. 31	Corman Engineering Ltd., Toronto, Ont.	Custodian	35.9	101,639	32	36,523	00	Cash.
Aug. 21	Canadian Motor Lamp, Windsor, Ont.	Custodian	28.7	1,760	00	506	00	Cash.
Aug. 28	Steel Company of Canada, Montreal, Que.	Custodian	27.8	617	20	171	60	Cash.
Aug. 21	Geo. W. Reed & Company, Montreal, Que.	Custodian	45.5	2,799	94	1,275	00	Cash.
Sept. 6	Pedlar People Limited, Oshawa, Ont.	Custodian	26.9	20,989	31	5,640	94	Cash.
Sept. 6	Redfern Construction, Toronto, Ont.	Custodian	100.0	300	00	300	00	Cash.
Sept. 6	W. R. Key, Company, Toronto, Ont.	Custodian	56.7	695	00	394	00	Cash.
Sept. 14	Angus Shops, Canadian Pacific Railways, Montreal, Que.	Custodian	65.8	416	50	274	00	Cash.
Sept. 14	Patterson Motors Limited, Ottawa, Ont.	Custodian	100.0	1,254	10	1,254	00	Cash.
Sept. 8	Chrysler Corporation of Canada, Windsor, Ont.	Custodian	49.6	3,362	76	1,668	47	Cash.
Sept. 8	Atlantic Spring & Machine Ltd., Sydney, N.S.	Custodian	29.7	26,608	31	7,914	63	Cash.
Sept. 14	Montreal Locomotive Works, Montreal, Que.	Custodian	42.1	891,276	84	375,321	00	Cash.
Sept. 6	Morrow Screw & Nut, Ingersoll, Ont.	Custodian	28.3	6,161	01	1,745	00	Cash.
Sept. 6	Sheldon Limited, Galt, Ont.	Custodian	44.6	4,478	02	2,000	00	Cash.
Sept. 8	Hamilton Munitions, Hamilton, Ont.	Canadian Westinghouse Co., Hamilton, Ont.	67.2	8,933	82	6,000	00	Cash.
Sept. 8	Army Engineering Design Br. Dept. of Muni- tions & Supply.	S. R. Filer, San Antonio, Texas.	94.8	1,095	00	1,037	99	Cash.
Sept. 6	National Cash Register, Toronto, Ont.	Custodian	28.6	25,595	81	7,322	00	Cash.
Sept. 6	Hamilton Munitions, Hamilton, Ont.	Canadian Westinghouse, Hamilton, Ont.	41.0	234	12	96	00	Cash.
Sept. 21	Canada Chain & Forge Co., Vancouver, B.C.	Custodian	38.5	42,965	47	16,535	00	Cash.
Sept. 21	Peerless Engineering Ltd., Toronto, Ont.	Custodian	39.3	109,433	01	43,000	00	Cash.
Sept. 21	Beach Foundry Limited, Ottawa, Ont.	Custodian	43.8	21,328	04	9,352	44	\$4,652.44 Sept. 30.
Sept. 21	Ketchum Manufacturing Co., Ottawa, Ont.	Custodian	49.2	2,166	25	1,066	00	Cash.
Sept. 21	Northern Engineering & Supply Co., Fort William, Ont.	Custodian	39.7	4,571	09	1,817	00	Cash.
Sept. 22	Rogers Majestic Limited, Toronto, Ont.	Custodian	42.2	17,458	74	7,362	00	Cash.
Sept. 22	Berthierville Machine Shop, Berthierville, Que.	Custodian	43.3	2,277	34	986	00	Cash.
Sept. 26	Beatty Brothers, Fergus, Ont.	Custodian	30.7	49,945	66	15,346	00	Cash.

Sept. 26	British American Machine Works, Montreal, Que.	Custodian	18-6	2,694 78	500 00	Cash.
Sept. 26	International Silver Company of Canada, Hamilton, Ont.	Custodian	36-1	3,187 79	1,150 00	Cash.
Sept. 26	Canadian Engineering & Tool Co., Windsor, Ont.	Custodian	28-6	24,701 52	7,071 00	Cash.
Sept. 26	Vancouver Iron Works Limited, Vancouver, B.C.	Custodian	48-9	42,000 11	20,543 00	Cash.
Sept. 26	A. B. Jardine & Co. Ltd., Hespeler, Ont.	Custodian	30-9	25,997 08	8,036 28	50% cash; bal. per month, Interest 3%.
Sept. 26	Enamel & Heating Products, Sackville, N.B.	Custodian	77-8	923 32	718 00	Cash.
Sept. 26	Hall Machinery of Canada Ltd., Sherbrooke, Que.	Custodian	27-9	104,026 71	29,055 00	Cash.
Sept. 26	Can. Airways Limited, St. James, Man.	Custodian	29-6	81 00	24 00	Cash.
Sept. 26	Canadian Bridge Co. Ltd., Ojibway, Ont.	Custodian	61-6	717 85	444 00	Cash.
Sept. 28	Massey-Harris Company, Toronto, Ont.	Custodian	30-3	175 00	53 00	Cash.
Sept. 28	Welch and Johnson, Ottawa, Ont.	Custodian	39-3	1,985 53	779 76	Cash.
Sept. 27	Regina Industries Limited, Regina, Sask.	Custodian	28-5	49,554 82	14,139 00	Cash.
Sept. 28	Cockshutt Plow Company, Brantford, Ont.	Custodian	43-8	129,256 31	56,592 00	Cash.
Sept. 28	Cockshutt Plow Company, Brantford, Ont.	Custodian	41-7	29,113 42	12,145 00	Cash.
Sept. 28	Ferranti Electric Limited, Toronto, Ont.	Custodian	29-4	44,137 64	12,967 00	Cash.
Sept. 28	Webster Air Equipment Ltd., London, Ont.	Custodian	34-8	11,710 54	4,071 00	Cash.
Sept. 28	Can. International Paper Co., Three Rivers, Que.	Custodian	53-4	1,661 81	888 00	Cash.
Sept. 28	Trans Canada Air Lines, Moncton, N.B.	Custodian		164 21	111 00	Cash.
Sept. 22	Cockshutt Plow Company, Brantford, Ont.	Custodian		1,316 57	560 00	Cash.
Sept. 29	Canada Strip Mills, New Toronto, Ont.	Anaconda American Brass, New Toronto, Ont.		73,991 25	15,000 00	Cash.
Sept. 29	Wallace Barnes, Hamilton, Ont.	Custodian		133,032 34	44,307 00	Cash.
Sept. 29	John Bertram & Son Ltd., Dundas, Ont.	Custodian		395 35	179 00	Cash.
Sept. 29	Jeffrie & Jeffrie Limited, Vancouver, B.C.	Custodian		2,304 91	1,002 00	\$250.00 Sept. 15, \$250.00 Nov. 15, \$250.00 Jan. 15/46, \$252.00 Mar. 15/46, Interest 3 3/4%.
Oct. 13	Hamilton Gear & Machine Co., Hamilton, Ont.	Custodian		5,409 08	1,893 00	Cash.
Sept. 29	Canadian Bridge Co., Walkerville	Custodian	100-0	5,663 52	5,663 52	Cash.
Oct. 12	Pedlar People, Oshawa, Ont.	Custodian		8,055 74	2,163 00	Cash.
Oct. 13	National Cash Register, Toronto	Custodian		11,390 65	3,179 00	Cash.
Oct. 12	Electric Steel Company, Toronto, Ont.	Gurney Foundry Limited, Toronto, Ont.		26,020 99	9,027 00	Cash.
Oct. 15	Ingersoll Machine & Tool, Ingersoll, Ont.	Custodian		55,498 64	13,500 00	Cash.
Sept. 22	Wartime Metals Corp., Val d'Or, Que.	Molybdenite Corp. of Canada, Montreal, Que.	100-0	38,000 00	38,000 00	Cash.
Sept. 29	Sherbrooke Pneumatic Tool, Sherbrooke, Que.	Custodian	43-3	3,429 00	1,485 00	Cash.
Sept. 29	Craft Display, Hamilton, Ont.	Custodian	49-2	914 82	450 00	Cash.
Sept. 29	Frigidaire Products of Can., Leaside, Ont.	Custodian	47-4	1,456 24	690 00	Cash.
Sept. 29	Macdonald Chemicals Ltd., Waterloo, Ont.	Custodian	100-0	128 00	128 00	Cash.

(B)—MACHINERY & EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price		Sales Price		Terms
				%	\$ cts.	\$	cts.	
Oct. 12	The Eastern Car Company, Trenton, Ont....	Custodian.	40.4	6,329 60	2,555 00	Cash.		
Oct. 17	Standard Aero Engine Works, St. James, Man.	Custodian.	68.3	307 80	210 00	Cash.		
Oct. 15	Naylor & Naylor, Toronto, Ont.	Custodian.	29.1	2,558 41	745 00	Cash.		
Oct. 15	Flexible Shaft Company, Toronto, Ont.	Custodian.	32.5	13,874 12	4,512 00	Cash.		
Oct. 15	A. Belanger, Montmagny, Que.	Custodian.	39.1	1,441 80	564 00	Cash.		
Oct. 15	Border Cities Industries, Windsor, Ont.	General Motors, Oshawa, Ont.	35.1	5,617 85	1,974 00	Cash.		
Oct. 15	Canada Bridge Company, Walkerville, Ont.	Custodian.	54.8	1,825 60	1,000 00	Cash.		
Oct. 15	Stanley Steel Company, Hamilton, Ont.	Custodian.	33.4	12,576 64	4,206 00	Cash.		
Oct. 15	Massey-Harris Company, Brantford, Ont....	Custodian.	40.0	130 00	52 00	Cash.		
Oct. 12	Chrysler Corporation of Canada, Windsor, Ont.	Custodian.	31.2	6,009 06	1,873 00	Cash.		
Oct. 12	Chrysler Corporation of Canada, Windsor, Ont.	Custodian.	46.3	1,728 81	800 00	Cash.		
Oct. 12	Goodyear Tire & Rubber Co., Toronto, Ont.	Custodian.	43.9	18,800 72	8,255 00	Cash.		
Oct. 12	Pedlar People, Oshawa, Ont.	Custodian.	26.9	11,453 05	3,078 00	Cash.		
Oct. 13	Spartan of Canada Ltd., London, Ont.	Custodian.	39.5	6,227 64	2,482 00	Cash.		
Oct. 13	Galt Metal Industries Ltd., Galt, Ont.	Custodian.	77.8	2,445 00	1,903 00	Cash.		
Oct. 13	Massey-Harris, Woodstock, Ont.	Sunshine Waterloo Co., Waterloo, Ont.	11.1	14,415 00	1,600 00	Cash.		
Oct. 13	The Hoover Co. Ltd., Hamilton, Ont.	Custodian.	27.8	22,733 96	6,312 81	Cash.		
Oct. 17	Bordeaux & Co. Ltd., Vancouver, B.C.	Custodian.	30.1	2,640 85	794 00	Cash.		
Oct. 17	Sherbrooke Machines, Sherbrooke, Que.	Custodian.	33.4	91,013 47	30,405 00	Cash.		
Oct. 24	Massey-Harris, Woodstock, Ont.	Custodian.		750 00	216 00	Cash.		
Oct. 24	Massey-Harris, Toronto, Ont.	Massey-Harris, Toronto, Ont.		34,710 27	12,923 00	Cash.		
Oct. 24	Lawson Machine Works, Petfordiac, N.B.	Custodian.		7,779 60	3,034 00	Cash.		
Oct. 24	Canadian Summer Iron Works, Vancouver, B.C.	Custodian.		2,640 03	1,037 00	Cash.		
Oct. 24	Northern Engineering & Supply, Fort William, Ont.	Custodian.		37,752 28	10,901 00	Cash.		
Oct. 24	The Skinner Company, Oshawa, Ont.	Custodian.		733 67	268 00	Cash.		
Oct. 24	Border Cities Industries, Windsor, Ont.	General Motors of Canada, Oshawa, Ont.		124 00	47 90	Cash.		
Oct. 24	Pasche Airbrush Co., Toronto, Ont.	Custodian.		310 00	93 00	Cash.		
Oct. 24	Singer Manufacturing Co., St. Johns, Que.	Custodian.		10,199 72	3,005 00	Cash.		
Oct. 24	W. Bohne Limited, Toronto, Ont.	Custodian.		271 00	81 00	Cash.		
Oct. 24	Cockshutt Plow Company, Brantford, Ont.	Custodian.		113,648 13	47,624 50	Cash.		
Oct. 24	Radio Components Limited, Toronto, Ont.	Custodian.		2,535 90	500 00	Cash.		
Oct. 26	Reliable Plastics, Toronto, Ont.	Custodian.		4,211 17	1,899 00	Cash.		
Oct. 26	Vancouver Iron Works, Vancouver, B.C.	Custodian.		18,375 00	2,500 00	Cash.		
Oct. 26	Joseph Robb & Company Ltd., Montreal, Que.	Custodian.		33,566 48	10,563 00	Cash.		

Oct. 30	Western Tool & Industries Ltd., Winnipeg, Man.	Custodian.	3,297 35	932 00	Cash.
Oct. 30	Pedlar People Limited, Oshawa, Ont.	Custodian.	12,573 00	3,458 00	Cash.
Oct. 30	De Havilland Aircraft, Toronto, Ont.	Custodian.	2,450 00	863 00	Cash.
Oct. 30	Harrington Tool & Die, Lachine, Que.	Custodian.	3,290 23	1,161 00	Cash.
Oct. 30	Canada Cycle & Motor Co., Weston, Ont.	Custodian.	3,994 74	358 00	Cash.
Oct. 30	Holman Machine Limited, Woodstock, Ont.	Custodian.	17,047 84	5,606 00	Cash.
Oct. 30	William Tool Corporation, Brantford, Ont.	Custodian.	49,546 96	16,008 00	25% cash; 25% Jan./46. Balance in 3 years in monthly payments. Interest 3½%.
Oct. 30	The Hoover Co. Limited, Hamilton, Ont.	Custodian.	5,784 06	1,627 00	Cash.
Oct. 30	Conroy Manufacturing Co., St. Catharines, Ont.	Custodian.	9,990 82	2,747 00	Cash.
Oct. 30	Kelvinator of Canada, London, Ont.	Custodian.	28,834 00	11,345 00	Cash.
Oct. 31	Wunder Machine Company, Kitchener, Ont.	Custodian.	757 75	218 00	Cash.
Oct. 31	Canadian Airways Limited, Cap de la Madeleine, Que.	Custodian.	65 00	65 00	Cash.
Oct. 31	Canadian General Rubber Co., Galt, Ont.	Custodian.	3,503 06	200 00	Cash.
Oct. 31	Wartime Metal Corporation, Val D'Or, Que.	Molybdenite Corp. of Canada, Outremont, Que.	37,271 50	37,271 50	Cash.
Oct. 31	Atlas Steels Limited, Welland, Ont.	Custodian.	1,158,349 21	351,606 00	50% cash; balance in three years. Interest 3½% per annum.
Oct. 31	Hamilton Munitions, Hamilton, Ont.	Canadian Westinghouse, Hamilton, Ont.	95,733 52	26,441 00	Cash.
Oct. 31	Steel Co. of Canada, Hamilton, Ont.	Custodian.	850,523 62	250,000 00	Cash.
Oct. 31	Electric Steels Limited, New Glasgow, N.S.	Maritime Steel & Foundries Ltd., New Glasgow, N.S.	11,376 74	3,860 00	Cash.
Oct. 31	Aviation Electric Co., Montreal, Que.	Custodian.	9,511 72	2,900 00	Cash.
Oct. 31	International Harvester, Hamilton, Ont.	Custodian.	245 65	84 00	Cash.
Oct. 31	Chrysler Corp. of Canada, Windsor, Ont.	Custodian.	592 72	207 00	Cash.
Oct. 31	De Havilland Aircraft of Canada, Toronto, Ont.	Custodian.	7,280 00	2,888 00	Cash.
Oct. 31	Massey Harris, Brantford, Ont.	Massey Harris, Toronto, Ont.	53,476 41	16,533 00	Cash.
Oct. 31	Ontario Research Foundations, Toronto, Ont.	Custodian.	4,337 47	1,358 00	Cash.
Oct. 31	Montreal Locomotive Works, Montreal, Que.	Custodian.	23,038 48	6,346 00	Cash.
Oct. 31	Montreal Locomotive Works, Montreal, Que.	Custodian.	52,689 45	14,176 00	Cash.
Oct. 31	Regina Industries Limited, Regina, Sask.	General Motors, Oshawa, Ont.	4,415 00	2,875 00	Cash.
Oct. 31	Massey Harris, Brantford, Ont.	Massey Harris, Toronto, Ont.	255 00	131 00	Cash.
Oct. 31	Hayes Manufacturing Co., Vancouver, B.C.	Custodian.	9,966 36	3,748 00	Cash.
Oct. 31	Terminal City Iron Works, Vancouver, B.C.	Custodian.	3,110 73	189 00	Cash.
Oct. 31	Federal Aircraft, Montreal, Que.	Westboro Public School, Westboro, Ont.	423 60	250 00	Cash.
Oct. 24	Border Cities, Walkerville, Ont.	General Motors, Oshawa, Ont.	509 56	301 00	Cash.
Oct. 13	Nichols Chemical Co., Montreal, Que.	Custodian.	45,812 15	45,812 15	Cash.
Nov. 13	Canadian Bank Note Co., Ottawa, Ont.	Custodian.	1,870 03	920 00	Cash.
Nov. 13	National Cash Register Co., Toronto, Ont.	Custodian.	6,619 48	1,862 00	Cash.

(B)—MACHINERY AND EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts.	\$ cts.	
Nov. 13	F. L. Buchanan Ltd., Orillia, Ont.	Custodian	20-0	14,995 05	3,000 00	Cash.
Nov. 13	Cranemobile Limited, Vancouver, B.C.	Custodian	29-5	9,622 59	2,838 00	Cash.
Nov. 13	Maritime Steel & Foundries Ltd., New Glasgow, N.S.	Custodian	30-1	43,915 04	13,207 00	Cash.
Nov. 13	De Havilland Aircraft of Can., Toronto, Ont.	Custodian	38-1	36,289 22	13,824 00	Cash.
Nov. 13	Western Clock, Co., Peterborough, Ont.	Custodian	33-9	550 80	187 00	Cash.
Nov. 13	Maritime Steel & Foundries Ltd., New Glasgow, N.S.	Custodian	30-4	1,810 93	550 00	Cash.
Nov. 13	Eastern Steel Products Ltd., Montreal, Que.	Custodian	28-1	3,260 29	917 00	Cash.
Nov. 13	Federal Aircraft Ltd., Montreal, Que.	B. F. Goodrich Rubber Co., Kitchener, Ont.	64-9	582 50	378 00	Cash.
Nov. 14	De Havilland Aircraft of Can., Toronto, Ont.	Custodian	38-2	662 13	253 00	Cash.
Nov. 14	Sumner Products Co. Ltd., Chatham, Ont.	Custodian	28-7	745 93	214 00	Cash.
Nov. 14	Creghton & Smith Motors, Fredericton, N.B.	Custodian	17-0	2,350 00	400 00	Cash.
Nov. 14	Cambridge Machine Tool Ltd., Montreal, Que.	Custodian	28-1	6,396 03	1,855 00	Cash.
Nov. 14	Maritime Telegraph & Telephone Co., Saint John, N.B.	New Brunswick Telephone Co., Saint John, N.B.	80-0	14,033 24	11,226 59	Cash.
Nov. 14	Harrington Tool & Die Co. Ltd., Lachine, P.Q.	Custodian	29-1	13,845 61	4,036 00	Cash.
Nov. 14	John Mead & Son, Briston, N.B.	Custodian	28-6	4,620 08	1,318 00	\$700.00 cash; bal. in 2 months.
Nov. 14	Hamilton Motor Products Ltd., Hamilton, Ont.	Custodian	26-9	25,185 20	6,769 00	Cash.
Nov. 14	McMullen-Perkins Ltd., Ottawa, Ont.	Custodian	36-2	8,273 65	2,996 00	Cash.
Nov. 14	Standard Aero Engine Works Ltd., St. James, Man.	Custodian	56-9	1,230 48	700 00	Cash.
Nov. 14	Almonte Flour Mills Ltd., Almonte, Ont.	Custodian	32-2	360 00	116 00	Cash.
Nov. 14	Giles Purvis Enterprises Ltd., Blenheim, Ont.	Custodian	19-4	8,318 54	1,616 00	50% cash, bal. 3 yearly payments. Interest, 3 1/2%.
Nov. 20	Hamilton Munitions Ltd., Hamilton, Ont.	Canadian Westinghouse Co., Hamilton, Ont.	27-5	2,600 00	715 00	Cash.
Nov. 20	Ferranti Electric Ltd., Mount Dennis, Ont.	Custodian	29-2	3,036 61	888 00	Cash.
Nov. 20	Clyde Aircraft Mfg. Co. Ltd., Collingwood, Ont.	Custodian	31-1	120 30	37 38	Cash.
Nov. 21	Buffwell Engineering Co., Welland, Ont.	Custodian	37-2	28,080 17	10,448 00	Cash.
Nov. 23	St. Catharines Steel Products Ltd., St. Catharines, Ont.	Canadian Comstock Co., St. Catharines, Ont.	43-8	46,143 47	20,194 00	Cash.
Nov. 23	Vulcan Iron Works, Winnipeg, Man.	Custodian	27-5	16,876 14	4,641 00	Cash.

Nov. 23	Truscon Steel Co. of Canada, Walkerville, Ont.	Custodian	33-3	41, 774 71	13, 902 00	Cash.
Nov. 23	National Motors Ltd., Montreal, Que.	Custodian	28-1	2, 676 00	753 00	Cash.
Nov. 23	Standard Aero Engines, St. James, Man.	Custodian	100-0	300 00	300 00	Cash.
Nov. 23	Canadian Bank Note Co., Ottawa, Ont.	Custodian	37-5	14, 434 62	5, 415 00	Cash.
Nov. 23	Winnipeg Brass Co., Winnipeg, Man.	Custodian	54-8	7, 258 01	3, 976 00	Cash.
Nov. 23	Canadian Foundries & Forgings, Welland, Ont.	Custodian	42-0	14, 009 44	5, 885 00	Cash.
Nov. 24	Massey Harris Ltd., Brantford, Ont.	Massey Harris Ltd., Toronto, Ont.	40-8	179 00	73 00	Cash.
Nov. 24	Sparton of Canada, London, Ont.	Custodian	6-5	154, 918 13	10, 000 00	Cash.
Nov. 24	Creighton & Smith Motors Ltd., Fredericton, N.B.	Custodian	30-1	811 40	244 00	Cash.
Oct. 26	The Miner Rubber Co., Granby, Que.	Custodian	72-4	85 60	62 00	Cash.
Oct. 31	Canadian Westinghouse Co., Hamilton, Ont.	Custodian	55-8	24, 622 35	13, 733 00	Cash.
Oct. 31	Canadian Westinghouse Co., Hamilton, Ont.	Custodian	27-5	2, 683 11	737 00	Cash.
Nov. 29	Crouse-Hinds Co. Ltd., Toronto, Ont.	Custodian	28-3	22, 702 87	6, 426 69	Cash.
Nov. 29	General Motors of Canada Ltd., Oshawa, Ont.	Custodian	68-2	951 10	649 00	Cash.
Nov. 29	McLennan Foundry & Machine Works, Campbellton, N.B.	Custodian	26-8	26, 441 54	7, 106 00	Cash.
Nov. 29	Mareco Ltd., Toronto, Ont.	Custodian	34-1	8, 553 27	2, 916 13	Cash.
Nov. 29	C.P.R. & Maritime Telephone & Co., Offices between Montreal and Truro.	Canadian Pacific Telegraph, Montreal, Que.		104, 261 44	81, 081 69	Cash.
Nov. 29	Coulter Copper & Brass Co. Ltd., Toronto, Ont.	Custodian	27-5	13, 243 53	3, 642 00	Cash.
Nov. 29	Scientific Instrument Lab. Ltd., Vancouver, B.C.	Custodian	30-0	355 85	107 00	Cash.
Nov. 29	Canadian Bridge Co. Ltd., Walkerville, Ont.	Custodian	29-2	26, 387 41	7, 718 00	Cash.
Nov. 30	John Inglis Co., Toronto, Ont.	Custodian	29-6	1, 316, 683 24	390, 321 84	Assignment of excess profits tax.
Nov. 30	Dominion Bridge Co. Ltd., Lachine, Que.	Dominion Bridge Co. Ltd., Montreal, Que.	37-6	1, 114, 025 63	418, 982 00	Assignment of excess profits tax. Interest 2%.
Nov. 30	Dominion Bridge Co. Ltd., Winnipeg, Man.	Dominion Bridge Co. Ltd., Montreal, Que.	27-5	1, 462 96	403 00	Assignment of excess profits tax. Interest 2%.
Nov. 30	Robb Engineering Works, Amherst, N.S.	Dominion Bridge Co. Ltd., Montreal, Que.	33-4	41, 407 11	13, 820 00	Assignment of excess profits tax. Interest 2%.
Nov. 30	Dominion Bridge Co., Toronto, Ont.	Dominion Bridge Co., Montreal, Que.	38-4	77, 301 90	29, 655 00	Assignment of excess profits tax. Interest 2%.
Nov. 30	Manitoba Rolling Mills, Selkirk, Man.	Dominion Bridge Co., Montreal, Que.	43-5	10, 523 01	4, 585 00	Assignment of excess profits tax. Interest 2%.
Nov. 30	Maun Drop Forge Limited, Welland, Ont.	Custodian	38-6	16, 934 41	6, 535 00	Cash.
Nov. 30	Massey Harris Co. Ltd., Brantford, Ont.	Massey-Harris Co. Ltd., Toronto, Ont.	41-1	493 72	203 00	Cash.
Nov. 30	Massey-Harris Co. Ltd., Woodstock, Ont.	Massey-Harris Co. Ltd., Toronto, Ont.	28-8	1, 000 00	288 00	Cash.
Nov. 30	Regina Industries Ltd., Regina, Sask.	General Motors of Canada, Oshawa, Ont.	50-0	3, 542 34	1, 771 17	Cash.
Nov. 30	Viceroy Mfg. Co. Ltd., Toronto, Ont.	Custodian	36-6	45, 483 93	16, 669 00	Cash.
Nov. 30	Cockshutt Plow Co. Ltd., Brantford, Ont.	Custodian	64-2	9, 900 06	6, 351 51	Cash.
Nov. 30	M & O Aviation Co Ltd., Prince Albert, Sask.	Custodian	27-3	60, 427 70	16, 800 00	Cash.

(B)—MACHINERY AND EQUIPMENT

Date	Location	Purchaser	Percent- age Realized	Original Cost Price	Sales Price	Terms
			%	\$ cts.	\$ cts.	
Nov. 30	Stewart-Warner, Alenite Corp., Belleville, Ont.	Custodian	45.6	27,377 85	12,500 00	Assignment of excess profits. Interest 2%.
Nov. 30	Steel Co. of Canada Ltd., Hamilton, Ont.	Custodian	52.4	6,680 00	3,500 00	Cash.
Nov. 30	Hamilton Gear & Machine, Hamilton, Ont.	Custodian	28.4	6,867 45	1,950 00	Cash.
Nov. 30	Holman Machinery Ltd., Woodstock, Ont.	Custodian	28.8	2,116 61	609 00	Cash.
Nov. 30	International Business Machines, Toronto, Ont.	Custodian	63.0	344 25	217 00	Cash.
Nov. 30	Dominion Bridge Co., Ltd., Montreal, Que.	Custodian	49.0	8,573 29	4,202 00	Cash.
Nov. 30	Chrysler Corp. of Canada Ltd., Windsor, Ont.	Custodian	34.3	52,399 31	17,975 57	Cash.
Nov. 30	Backstay Standard Co., Windsor, Ont.	Custodian	38.0	1,489 55	567 00	Cash.
	Total Sales of Machinery and Equipment to date			20,515,880 81	7,211,393 04	35.2%.
	Total Sales to Date: Lands and Buildings, Complete Establishments, Machinery and Equipment			43,032,231 14	16,273,338 55	37.8%.

Mr. MCGREGOR: May I ask a question?

The CHAIRMAN: Just a minute until we clean this up. It will be quite in order, gentlemen, to include these in the record and consider them as read?

Mr. LALONDE: Carried.

The CHAIRMAN: Now, Mr. McGregor.

By Mr. McGregor:

Q. Without mentioning any names I have in mind a place where many millions of dollars were spent on a factory on a privately-owned property in building additions to it. I think that was done in many places throughout the country. What is the procedure of this corporation, or does this corporation handle that sort of thing?—A. Mr. DeRoche will answer that.

Mr. DEROCHE: That would depend entirely on what the contract made by the department that spent the money was. If it resulted in Crown-owned property then it would come to the corporation for disposal. It might possibly be a fairly undisposable piece of property. A Crown-owned addition to somebody else's building is a little difficult to dispose of.

Mr. MCGREGOR: For instance, what I have in mind is that there is a certain corporation that had to have a big extension made to their plant when the war started. This plant belonged to them and all the money that was spent was spent on their property. I take it that there would be an agreement made with the government before the money was spent?

Mr. DEROCHE: There would be an agreement between the government, represented by the Department of Munitions and Supply, and the contractor as to the terms upon which that addition was built. In some cases title would vest in the contractor in which case War Assets Corporation has got nothing to have any interest in. In some other cases title vested in the Crown. When title vests in the Crown if the asset is surplus it is transferred to War Assets Corporation to do the best they can. In practice the best they can is normally to sell it to the original company because there is not much else you can do with it.

By Mr. Shaw:

Q. In a case where an industry has been established in a province by the government during the war and that industry is no longer required by the government what policy do they adopt in determining whether they will dispose of it piece-meal, let us say, or dispose of it to one holding a priority such as a provincial government? I have in mind particularly a big plant we have at Calgary which is a \$10,000,000 concern. I refer to the nitrogen plant. What policy will be followed by the corporation if that plant is declared surplus to requirements? Will you permit the government of Alberta, for example, to examine it and will you accept an offer from them should they decide it is economically sound to operate it, more especially since it utilizes resources of the province? What will your policy be with respect to that?—A. Our policy would be governed by two or three things. First of all the plant would be advertised for sale and the respective bids would be brought in.

Q. Honouring priorities?—A. The respective bids would be brought in. If there was a priority bid put in at that time then that would be considered first, but as to the final policy as to who would buy that plant, who would get it, I believe I would refer that to the Department of Reconstruction for their advice in the matter.

Q. What I am primarily concerned about is that you do not decide to dismantle it before determining whether the province would desire to have it for operation within that province.—A. We would not proceed with the dismantling of a plant that is a complete plant until we first tried to sell it as a complete plant.

Q. That is very important, I think.—A. We might sell certain specific machine tools in the locality required by other manufacturers.

By Mr. McDonald:

Q. Before being turned over to you, would it not have to be examined for instance by the Department of Munitions and Supply and their opinion given to you?—A. Not of necessity.

Mr. DEROCHE: Yes.

Mr. McDONALD: If it was a going plant, it would.

Mr. DEROCHE: It would have to be declared surplus by the department which had it, which would be the Department of Munitions and Supply.

The WITNESS: Not examined by the Department of Munitions and Supply.

Mr. DEROCHE: Examined in the sense of deciding whether or not it is surplus.

By Mr. Shaw:

Q. Mr. Berry, I am sure you would not take the equipment out of that plant to such an extent that the plant as such would no longer be of any value.—A. I do not think I can answer that very well until I know to what use the prospective purchaser wants to put the plant. I do not know whether the equipment existing in that plant is useful to him or not. I mean, the plant may be equipped to produce shells, but if the prospective purchaser is going to make boots in the plant, obviously practically none of the shell-making equipment will be useful to him.

Q. I realize that. I am more particularly concerned where the existing equipment can be used for the purpose contemplated.—A. If we can sell a plant as a going concern, it is the policy of the Department of Reconstruction to sell as a going concern, other things being equal.

Q. I am just concerned about this aspect of it,—coming from a province where we feel we have been deprived of the privilege of industrial development—that they are not going to give way to pressure and permit that plant to be torn down where it may be used.—A. I would say, Mr. Chairman, if a case like that comes up, it would be very much better if the province would make representations to us immediately so we have that on record and can take appropriate action following that request.

Q. Would you, on the other hand, undertake to advise those holding priority rights, for example, that this has been declared surplus?—A. Yes. Once the record is properly made on the thing, then the people having the requisite priority are advised about it.

Q. I think it is well that you undertake to advise them.—A. I could do that quite simply, Mr. Chairman, in the case of real property, and some capital items where the priority system can function; and if the priority system were limited to the specific commodities, then it will function very nicely. But over the broad picture, taking the whole thing, the priority becomes unmanageable.

The CHAIRMAN: Mr. Berry informs me that he has one other brief that will take about three-quarters of an hour for him to read.

The WITNESS: I have not that with me this morning.

Mr. MARQUIS: It is one o'clock, Mr. Chairman.

The CHAIRMAN: Quite so. I was going to say it is one o'clock now. I should like to have that on record. I certainly fully appreciate the danger, as I have pointed out, of my being criticized with respect to accepting it as read. Shall we meet this afternoon? Is that ready now, Mr. Berry?

The WITNESS: I am afraid it will not be ready by 2 o'clock.

Mr. SHAW: Why not meet tomorrow? Would it be ready then?

The WITNESS: As a matter of fact, Mr. Chairman, I have read through this brief myself. I cannot say that I read them all before presentation here, but I did read through this particular one; and I believe this is a brief that could be well taken as read for the information of the members of the committee. If you were prepared to do that, it would then leave the next 2 sessions free for discussion or whatever course you wish to take.

Mr. MARQUIS: Is the brief ready now?

The WITNESS: The brief is all ready, but I had to send it back to Montreal to get it stencilled. There is a tremendous amount of work in connection with these things.

Mr. LALONDE: I am not so concerned about the reading of the brief. I do not know whether the committee desires that the brief be read, but as far as I am personally concerned, I shall later on be obliged to peruse with the greatest care all the briefs presented in this committee in order to discuss them during the meetings which we will have. So, having regard to the declaration you have just made Mr. Chairman, if the committee concurs, I have no objection at all to having this brief printed in the record. If it gives birth to any kind of criticism or prospective questions, then we will have all latitude to ask Mr. Berry the questions we wish to ask. I feel that with all these matters in hand, we will have to go over them again and again during the recess in order to have a clear picture of the whole thing when we meet again. So I personally am not so much concerned about the reading of this new brief.

Mr. MARQUIS: I agree with the remarks made by Mr. Lalonde, Mr. Chairman. I would suggest not only that brief might be printed but that we would have copies for all members.

The CHAIRMAN: You will.

The WITNESS: I will have it here on Tuesday without fail.

Mr. BENIDICKSON: There is one question that might help me in studying this brief between now and our next meeting. Referring to page one of the summary of the custodian sales, I wonder if Mr. Berry could explain to us how the custodian appears as a purchaser and the difference between say item number one and item number four. That is, in one case you show lands and buildings located in Canadian General Electric Company and you show the purchaser is the custodian, the terms cash; in item number four there are lands and buildings at the Canadian Locomotive Company: again the purchaser is shown as the custodian and he apparently is buying the lands and buildings on some form of assignment of excess profits tax. Surely there is some civilian purchaser there that is the one who is assigning the excess profits tax.

The WITNESS: The assignment in that case is made by the Canadian Locomotive Company themselves.

By Mr. Benidickson:

Q. Then the purchaser is not the custodian?—A. Yes. He is the custodian. Actually the purchaser is the Canadian Locomotive Company, so he is the custodian. In other words, he was taking care of the property and using our property during the war period, so we call him the custodian.

Q. Oh; in other words, the manufacturing firm is called the custodian?—A. Yes.

Q. And not the custodian you refer to here?—A. Yes, he is the custodian in the same way.

Q. Oh, I see.

The CHAIRMAN: Following the remarks made by Mr. Lalonde and Mr. Marquis, I am taking it for granted that it will be in order to include in today's record and have printed the brief covering the subject of—what was it, Mr. Berry?

The WITNESS: Organization and personnel.

The CHAIRMAN: Yes, organization and personnel.

Mr. LALONDE: And the brief will be distributed to the members in the regular way.

The CHAIRMAN: That is right.

The WITNESS: At our next meeting I will undertake to produce that.

The CHAIRMAN: At Tuesday's meeting I hope to be able to announce that the steering committee has made a recommendation for you to have an opportunity to ask questions with regard to any brief.

Mr. SHAW: Mr. Chairman, may I just put a question to Mr. Berry which he can answer next day if he likes. It has reference to those trucks. Last day you spoke of 10 F.W.D.'s being sold to the manufacturer, I believe it was. Could you give us the total sale price, and could you also indicate whether a dominion government department or a provincial government would be permitted to buy at the same price?

The WITNESS: Yes. I can do that. I have not got that here.

Mr. SHAW: I should be glad if you could get that.

The WITNESS: I will obtain that.

The CHAIRMAN: Is there a motion to adjourn, gentlemen?

Mr. COTE: Will Mr. C. T. McKenzie be here next Tuesday with regard to organization and personnel?

The WITNESS: Yes.

Mr. COTE: To answer questions?

The WITNESS: Yes. I hope to present on Tuesday, as well, the most up-to-date organization chart that we have available at the moment.

The CHAIRMAN: You mean you will just file it?

The WITNESS: I hope to present it to the committee, to each member of the committee, as completing my organization picture.

Mr. McDONALD: I move we adjourn.

The CHAIRMAN: Thank you.

Mr. SHAW: When shall we meet again?

The CHAIRMAN: On Tuesday. I do not know whether it will be at 11.30 or 11.45.

The committee adjourned at 1.05 p.m. to meet again on Tuesday, December 11.

APPENDIX "A"

ORGANIZATION AND PERSONNEL

(War Assets Corporation)

Mr. CHAIRMAN, GENTLEMEN:

War Assets Corporation finds itself in an unfavourable position with respect to the recruitment of its staff. Faced with the task of bringing about an orderly and effective disposal of surplus goods running into many hundreds of millions of dollars, the company must seek outstanding skills and thorough going technical knowledge in the employees to whom the work involved must be entrusted.

None of the wartime incentives remain by which outstanding men of engineering, production, and administrative skills were recruited during the period of hostilities. It is difficult to persuade key personnel prospects that there continue to be patriotic reasons for interesting themselves in our problems. The unknown length of employment does not appeal to the man who feels he must rehabilitate himself. This naturally reacts most unfavourably in the field of supervisory and technically qualified personnel of outstanding calibre who could assist us most adequately.

In spite of these handicaps the Company has been able to recruit a nucleus Headquarters' staff and is presently augmenting field personnel at a fairly satisfactory rate. The month of October has shown an overall staff increase of 23.3 per cent, only 7.3 per cent of this being at Head Office. This trend will be more sharply evident as recruiting takes place at Regional points where large clearance and warehousing operations are under way. At the end of October the staff picture across the country was as follows:—

Regions	Male	Female	Total
Head Office..	333	408	741
Halifax Region..	59	21	80
Montreal Region..	359	121	480
Toronto Region..	298	88	386
Vancouver Region..	45	33	78
Winnipeg Region..	41	18	59
St. Johns' Nfld..	2	4	6
Sorel, Que..	32	4	36
Valleyfield, Que..	384	354	738
Total..	1,553	1,051	2,604

In facing up to the task of servicing the organization with respect to its staff requirements it has been necessary to keep two important points in mind. First, the Corporation's work cannot be accomplished by other than those adequately equipped to deal with the technical aspects involved and second, the uncertainty of the period of employment makes an exceptionally high rate of staff turnover inevitable.

In addition to salaried staff there are also heavy requirements for day labour and unskilled workers. The employment of this class of help constitutes no problem except in locations where it happens to be in fairly short supply. It is in the vital field of senior and intermediate supervisory staff that our real difficulties exist.

To cope with these problems it has been necessary to plan for adequate personnel services which will be described in the body of this brief. Careful and active liaison is being maintained with all likely sources of prospective material. Rehabilitation offices—Veterans placement agencies—the National Employment Service local offices and other agencies at all points across the country are assisting in our recruitment program. Our needs for security guards are being looked after by the Canadian Corps of Commissionaires.

To meet the conditions outlined above, the Corporation's staff policies and the methods employed for their administration are as follows:—

The Corporation as a Crown Company has elected to follow in so far as it is possible all policies and procedures which govern staff administration in the Canadian Public Service. The peculiar requirements of the Company embracing as it does certain features of both industrial and public service employment makes it impossible to conform in all respects to Civil Service regulations. The Federal regulations however represent the pattern which is followed in determining management decisions with respect to staff matters.

To properly administer an effective and comprehensive program of staff recruitment, placement, training, salary and wage planning for such a large and widespread organization it has been necessary to set up a strong central Personnel Division with Regional representation at the main concentrations of Corporation activities throughout the country. It has also been necessary to provide for the instruction of certain Corporation Officials in personnel procedures in order that they may act in this connection at remote points.

LOCAL SELECTION

Since the business of the Corporation is carried out in all parts of the Country regional and local staffs at numerous points are required. The Company follows the public service practice of placing local persons in positions which become available at our various operations. Only in the event of specially trained staff not being available locally will non residents be appointed. It might also be necessary to transfer technical staff from one point of operation to another to efficiently supervise the work involved. Apart from these requirements, local selection is consistently followed.

VETERANS PREFERENCE

The policy of the Corporation in respect to the Veterans preference is the policy of the Government. In all cases where minimum qualifications are met the veterans are given preference. This part of our progress is under constant review and the relation of the proportion of veterans to the total staff is followed closely. The most recent figures in this connection show that as of October 31st, 1945, of our male staff totalling 1553, 41% or 637 were veterans. In addition 265 members of the Canadian Corp of Commissionaires are employed by the Security Division in guarding the Company's properties. Further details are shown in Appendix 1.

The Veterans preference also applies with respect to female employment although a very small proportion of female veterans have applied for positions. At October 31st, 1945, only 26 of our 1051 female employees were veterans.

As Government policy with respect to the employment of married women becomes clarified the Corporation will conform in all respects. Insofar as age limits are concerned the rule of effectiveness applies.

Contacts have been made with the Rehabilitation Directorates of the Armed Services who have been asked to refer qualified candidates to us. All field offices of the Corporation have been instructed to keep in close touch with local rehabilitation officials in order that returned men may be considered for available vacancies.

REFERENCE

A careful program of safeguarding the Corporation against employing unsuitable staff has been worked out in conjunction with the R.C.M.P.

1. Continuing employees must provide the Company with three references at the time of application and/or employment. These sponsors are all questioned with regard to the character and proficiency of the employee concerned.
2. Employees are finger printed when first engaged.

All continuing employment is on the basis of three months probation and no assignment is ratified prior to the completion of such period of service. In this manner ample opportunity is given to assess the employee's capabilities and check on all references and past history.

HOURS OF WORK AND LEAVE REGULATIONS

For salaried personnel, the hours of work required at each point of operation conform in all respects to the commercial practice locally in effect. It is necessary that the Company offices wherever located should be open during the full business day. Hourly paid workers conform to a standard 48 hour week.

Vacations with pay are in effect for all employees after reasonable periods of service with the Company. Salaried personnel accumulate credits of one day for each month of service in this connection. The annual vacation may be taken after six months employment and may extend to twelve working days.

Hourly paid workers by a direction and finding of the National War Labour Board are eligible for one week vacation each year. This may be taken after the completion of 12 months service.

Statutory holidays for all employees are the same as those authorized for the public service.

Salaried employees who through illness are incapacitated for duty may be granted sick leave after 3 months service, on the basis of $1\frac{1}{2}$ days for each month of service. This leave accumulates under present regulations until 18 days have accrued. Consideration is presently being given to an extension of the total accumulation of such leave.

SALARY AND WAGE PROGRAM

The Corporation is developing an orderly plan of salary administration which will guarantee standard rates of pay for like duties and responsibilities throughout the country. These rates will also take into consideration the differences which exist between local conditions and standards at various points.

As an important part of the Company's pay policies, salary schedules are being set up with provision for annual increases for proficient service and increased usefulness.

The whole salary and pay program is based on fair and reasonable rates for the technical knowledge, trade skills or clerical usefulness of the employees required for the completion of the Corporation's work.

Overtime pay is not available to monthly salaried employees. However, where night work is necessary a supper allowance of sixty cents is paid. In the case of weekly paid staff all time exceeding 48 hours is paid for on a pro rata basis. Where work is performed by weekly paid staff on Sundays or Statutory holidays overtime payment on a pro rata basis is made available whether the working time exceeds 48 hours or not.

Hourly paid staff receive time and a half for all hours worked over 48 during the week, and for hours worked on Statutory holidays or Sundays.

STAFF WELFARE

In addition to resident nursing service in the largest units, arrangements are being worked out for welfare assistance in the matter of finding suitable living quarters for girls away from home—advice with respect to healthy eating—use of leisure hours etc., etc. At Head Office in Montreal cafeteria service is available where food is procurable at minimum cost. Attention is also given to the need for proper working conditions in regard to space, air, light, sanitation, noise prevention, accident prevention and so forth. Social activities of various kinds are promoted by the employees themselves on the basis of action independent of management. Extensive programs including various sports activities, language classes, dramatic clubs, etc., have been organized at Head Office and will be similarly established at Regional points where staff membership is large enough.

Under a properly qualified officer, training classes devised for the purpose of increasing employee efficiency are being planned. These will be carried out by the supervisory heads themselves on plans similar to those worked out by the Vocational Training Branch of the Department of Labour.

All employees of the Corporation are covered by the standard regulations of the various Provincial Compensation Commissions. The extent and variety of the manual labour called for in the handling and shipping of the extremely heavy quantities of equipment and machinery involved in the Company's operations make it essential that all personnel be kept advised of the benefits which they may enjoy in the case of accident under the Workmens Compensation Act. It is also important that all officers in charge of staff be kept posted with respect to their responsibilities in the matter of investigating, reporting and documenting all claims of this sort.

To properly administer this work and to assist in the application of the compensation regulations, arrangements have been made to create a Workmens Compensation Division for this purpose.

It is planned through a Health and Welfare Division to provide a careful program of regard for the workers' comfort and convenience as well as provision for his or her leisure hours. Coupled with this it is hoped that an overall medical check up on all staff particularly with respect to chest X-ray will be arranged for.

Negotiations have been under way for some time for the purpose of including employees of the Corporation in the Government Retirement Fund operation. It is deemed necessary that some plan of this type be made available to the staff of the Company to provide contingent funds as against the termination of their employment as well as to promote thrift.

TRANSFER OF CIVIL SERVANTS

The peculiar needs of the Corporation in certain instances for personnel thoroughly trained in Government policies and procedures has made it both necessary and convenient to arrange transfers to civil servants both permanent and temporary to the Company's staff. Insofar as permanent Civil Servants are concerned their status is protected by clause 21 of Bill 137. As yet however, no satisfactory arrangement has been worked out with the Civil Service Commission whereby temporary civil servants transferring to the staff of this Company will be accorded recognition of their services with the Corporation, or with their previous departments should they be reassigned to a government position after leaving the Corporation's employ.

DISMISSALS

The Corporation reserves the right to dismiss without notice in all cases where cause as commonly recognized applies. In other instances every effort will be made to absorb a satisfactory supernumery employee into another position if possible. Failing this, his or her availability may be made known to other departments of the Government before dismissal takes place. Only specially authorized officials of the Corporation may suspend or dismiss employees.

SALARY ADMINISTRATION

In any large organization it is of course necessary to develop and administer an orderly program of salary schedules, position groupings and general establishment control.

No sound employment program can be set in motion without standards of qualifications, job specifications and salaries or wages related to these factors. Such matters are a prerequisite to all initial assignments, promotions, transfers etc.

The Organization and Job Classification Division is responsible under the direction of a fully qualified organization officer for all job analyses, salary and wage recommendations and similar matters. It also screens and reviews all promotional recommendations and salary adjustment. Careful investigations of all such cases are made.

Unit surveys covering the operations of all divisions of the Corporation are carried out by the same section which also gives consideration to and makes recommendations concerning all changes or additions to the establishment.

A position requisitioning system is utilized which guarantees that all positions established throughout the country are approved by the central organization office before employees can be added to strength. This approval covers both new and replacement staff and is concerned both with the need for the position, the work to be performed and the salary to be paid. In this manner complete screening of all requirements for the purpose of standard and equitable treatment is made possible.

The requisitioning system applies only to continuing positions. Casual employment for periods of less than thirty days is carried out at the discretion of the Corporations' field officers who conform to approved local rates in this connection. All short term day labour and unskilled staff fall into this category of employment. It has been thought advisable to simplify the operation by giving field officials full responsibility in this type of employment.

This section of the Organization & Personnel Department drafts and presents all proposed wage and salary schedules or changes in schedules to the National War Labour Board or Salaries Controller for their direction and finding. It is then responsible for advising all field offices of the rate changes or additions authorized.

The Organization Division also develops and maintains charts covering the establishment as an aid to management's review of the effectiveness of the Corporations' methods of administration, control and general operations.

The Recruiting and Assignment Division has the overall responsibility of staffing the Corporation from coast to coast.

In order to perform this function efficiently and expeditiously, up to date methods of recruitment, selection, testing, assignment, and staff administration have had to be developed. These by reason of the Dominion wide extent of the Company's activities have been patterned on fully decentralized lines.

The central Personnel Office has representation at the five Regional Offices of the Corporation where complete employment service will be maintained by Personnel Officers who carry out the policies and procedures decided upon as being standard for the Company's staff programs.

At Head Office methods of selection based on minimum requirements for each position, related salary or wage schedules, and terms of employment have been worked out for use at each point of Corporations operations. Using these standards, employment is carried out by the Company's field officers on a basis which guarantees uniformity of approach without restricting local control. During the preliminary stages of the establishment of regional personnel offices personnel experts fully posted in all phases of the Corporation's policies and procedures are supervising the setting up of these units. Local staff is being used to handle this work and will report for all functional direction to the Organization & Personnel Department at Headquarters.

In all employment, final selection rests with the departmental or field officer concerned. The Personnel Officer however, has the responsibility for recruiting and advising with respect to staff appointments. He also is required to properly screen all applications—maintain adequate local personnel records—assist and advise in matter of staff discipline—be available for staff counselling—arrange transfers—pass on local promotions—maintain proper liaison with various Government employment agencies—actively administer the Corporation's policies in his locality covering the Veterans preference—Rehabilitation etc.—in short to perform a complete personnel service for his region.

To adequately service the organization the Recruiting and Assignment Section must be alert at all times to the staff requirements of all units, must develop and keep active all possible sources of recruitment—must review large numbers of applications from all quarters of the country and must advise and assist all Personnel Field Officers in the procedures to be used in this connection. It is also necessary that all officers engaged in this work be well versed in the methods required and the protective measures necessary in employment work of such wide scope.

STAFF RECORDS

The Staff Records Division maintains and services the master files on all employment throughout the Organization. It also maintains a central Kardex on which is reflected the staff positions of the whole Corporation at all times.

These records form the basic information from which are periodically drawn all staff statistics needed by Management for the purpose of keeping in close touch with the staff situation throughout the Country.

Key service listings such as Official Directories, Phone Books, etc. are developed from the information available in the Records Division.

Control of all passes utilized throughout the country by Clearance Officials—Salesmen etc, is also the responsibility of the unit.

The operation of such a section calls for an extensive clerical handling of the many factors which may affect changes in the records. All assignments and separations, transfers, revisions and related changes must be immediately and accurately reflected in these records. The necessity for complete accuracy is indicated by the fact that such records represent the basis of pay action.

In addition to the Headquarters staff records maintained in Montreal, Regional Records are also in use. This is done in order that Regional Officials may at all times have knowledge of the staff under their jurisdictions. It is also essential that these records exist at Regional points since the pay function is decentralized. In practice, each Region will be responsible for its complete hiring and pay program based on the policies, procedures and wage levels set out for it by Head Office.

Mr. Chairman, in addition to Appendix 1, previously referred to, I have attached to my brief further appendices for the information of the Committee as follows:

Appendix 2. Staff employed by province.

Appendix 3. Staff employed at the reclamation depot, Valleyfield.

APPENDIX I.

STAFF EMPLOYED IN WAR ASSETS CORPORATION, ACCORDING TO LOCATION, AS AT SEPTEMBER 30, 1945 AND OCTOBER 31, 1945
WITH PERCENTAGE CHANGE FROM SEPTEMBER 30, 1945.

	HEAD OFFICE				BRANCHES				VALLEYFIELD				MAINTENANCE				WAREHOUSING				GRAND TOTAL			
	Sept. 30	Oct. 31	Inc. or Dec.	% Change	Sept. 30	Oct. 31	Inc. or Dec.	% Change	Sept. 30	Oct. 31	Inc. or Dec.	% Change	Sept. 30	Oct. 31	Inc. or Dec.	% Change	Sept. 30	Oct. 31	Inc. or Dec.	% Change	Sept. 30	Oct. 31	Inc. or Dec.	% Change
MALE STAFF....	390	431	41	10.5																				
Veterans.....	180	197	17	9.4																				
% Male Veterans to																								
Total Males	46.2	45.7	-.5		62.3	62.2	-.1		6.9	6.0	-.9		33.3	26.1	-7.2		49.6	59.3	9.7		37.9	41.0	3.1	
FEMALE STAFF..	368	382	14	3.8	168	240	72	42.9	301	354	53	17.6	17	20	3	17.7	44	55	11	25.0	898	1,051	153	17.0
Veterans.....	9	9			11	16	5	45.5										1	1		20	25	6	30.0
TOTAL STAFF..	758	813	55	7.3	359	536	177	49.3	635	738	103	16.2	80	108	28	35.0	280	409	129	46.1	2,112	2,604	492	23.3

APPENDIX 2

STAFF EMPLOYED BY WAR ASSETS CORPORATION IN EACH PROVINCE AS AT OCTOBER 31, 1945
ACCORDING TO SEX AND WAGE CLASSIFICATION

PROVINCE	MALE			FEMALE			TOTAL			PERCENTAGE DISTRIBUTION		
	Hour-ly	Weekly	Monthly	Total	Hour-ly	Weekly	Monthly	Total	Hour-ly	Weekly	Monthly	Total
Nova Scotia.....	5	11	26	12	5	11	38	38	12.8	28.2	100.0	100.0
New Brunswick.....	508	32	15	8	353	32	23	39	45.4	52.9	59.0	100.0
Newfoundland.....	20	123	2	4	861	123	6	6	15.7	1.7	100.0	100.0
Quebec.....	8	4	520	144	20	4	1,001	1,894	4.1	24.9	71.0	100.0
Ontario.....	20	123	206	144	8	4	39	493	51	7.8	76.5	100.0
Manitoba.....	1	1	5	3	9	1	8	8	21	100.0	100.0	100.0
Saskatchewan.....	1	1	12	9	23	1	53	54	1.9	98.1	100.0	100.0
Alberta.....	541	171	30	23	353	171	1,539	2,604	34.3	6.6	59.1	100.0
British Columbia.....	841	171	31	698	894	171	1,539	2,604	34.3	6.6	59.1	100.0
GRAND TOTAL.....	541	171	841	1,553	353	1,051	1,539	2,604	34.3	6.6	59.1	100.0

Re-typed: November 28th, 1945.

APPENDIX 3

STAFF EMPLOYED IN VALLEYFIELD AS AT SEPTEMBER 30, 1945,
WITH PERCENTAGE CHANGE FROM SEPTEMBER 30, 1945

	SALARIED				HOURLY RATED				TOTAL			
	Sept. 30	Oct. 31	Increase or Dec. (—)	% Change	Sept. 30	Oct. 31	Increase or Dec. (—)	% Change	Sept. 30	Oct. 31	Increase or Dec. (—)	% Change
MALE STAFF.....	36	36	.....		298	348	50	16.8	334	384	50	15.0
Veterans.....	7	7	.....		16	16	.....		23	23	.....
% Male Veterans to Total Males.....	19.4	19.4	.....		5.4	4.6	— 8		6.9	6.0	— 9	—
FEMALE STAFF.....	24	22	— 2	— 8.3	277	332	55	19.9	301	354	53	17.6
Veterans.....			
TOTAL STAFF.....	60	58	— 2	— 3.3	575	680	105	18.3	635	738	103	16.2

November 14, 1945.

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Canada. War Expenditures and
Economies, Special Order, 1945

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SESSION 1945
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS

No. 7

TUESDAY, DECEMBER 11, 1945

THURSDAY, DECEMBER 13, 1945

Including

THIRD AND FINAL REPORT TO THE HOUSE

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945

REPORT TO THE HOUSE

FRIDAY, December 14, 1945.

The Special Committee on War Expenditures and Economics begs leave to present its

THIRD AND FINAL REPORT

Under date of November 6, 1945, your Committee was appointed "to examine the expenditure defrayed out of moneys provided by parliament for national defence and demobilization and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein".

In giving consideration to matters coming within the scope of its reference, your Committee decided to govern its procedure in accordance with the first report of its Steering Committee, and to inquire first into the disposal of surplus war assets.

In pursuance of that decision, your Committee has endeavoured, with the cooperation of officials from the Crown Assets Allocation Committee and War Assets Corporation, to obtain a clear insight into the procedure governing the allocation and distribution of surplus war assets, as well as a general survey of the operations of War Assets Corporation in connection therewith.

In this respect evidence has been given by the Chairman of the Crown Assets Allocation Committee and by the President and officials of War Assets Corporation dealing with organization and personnel, supply, sales policy including operations of the custodian sales section, methods of distribution of certain types of equipment, financial controls, and the operations of the lands and buildings department.

Your Committee feels that its inquiry has not reached the stage where further comment on the evidence can be made, and recommends therefore that a similar committee be appointed immediately after the opening of the next session to continue the inquiry.

A copy of the evidence taken by your Committee is annexed hereto.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

THURSDAY, December 13, 1945.

The Special Committee on War Expenditures and Economics met at 12:00 o'clock noon, the Chairman, Mr. Isnor, presiding.

Members present: Messrs. Benidickson, Castleden, Côté (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Isnor, Marquis, McDonald (*Pontiac*), McIlraith, Michaud, Probe, Reid, Stewart (*Winnipeg North*).

The Chairman presented a draft of the Committee's Third and Final Report to the House, as approved by the steering committee and submitted with its third report to the main committee.

The said report was considered and amended.

On motion of Mr. Reid,

Ordered.—That the report, as amended, be adopted and that the Chairman be authorized to present same to the House.

The Chairman thanked the members for their kind co-operation, and extended to the Clerk of the Committee and to the President and other officials of War Assets Corporation, the Committee's appreciation of their assistance during the course of the Committee's proceedings.

The Committee adjourned *sine die*.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

December 11, 1945.

The Special Committee on War Expenditures and Economics met this day at 11.30 a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Following our meeting of last Thursday I had a meeting of the steering committee on Friday, December 7. At that meeting we prepared a report to be presented to you. I am going to ask the clerk to read that report to you now for your approval.

The CLERK: Your steering committee begs leave to present as follows its third report. Your committee recommends:

(1) That the meeting of the main committee to be held on Tuesday, December 11, be the last meeting during the present session.

(2) That at such meeting, viz., on Tuesday, December 11, the hour between 12.00 noon and 1.00 p.m., be devoted to the questioning of witnesses who have presented briefs before the committee.

The steering committee feels that in view of expediting sales by War Assets Corporation, consideration should be given to doing away with all priorities except those of a directive nature which might apply to veterans. In the opinion of your steering committee, this is a matter which should be given consideration by the main committee.

With respect to additional staff required by War Assets Corporation, as borne out by the evidence, your steering committee suggests that the matter be laid before the Selective Service for such action as is necessary to overcome this difficulty.

Communication urging that instructional equipment be transferred to Canadian schools, without cost, have been laid before your steering committee as follows:

From Nora Hodgins, Secretary, Ontario Teachers' Federation; Professor S. R. Laycock, National President, the Canadian Federation of Home and School; Mrs. K. A. Munro, Secretary, Queen Elizabeth Home and School Association, Prince Albert, Sask.; J. H. Zacharias, President, Home and School Club, Herbert, Sask.; Sister Ambrosia, Secretary of School and Home Association, Humboldt, Sask.

Your committee submits copy of a draft report to the House for consideration by the main committee.

All of which is respectfully submitted.

GORDON B. ISNOR,
Chairman.

The CHAIRMAN: Gentlemen, you have heard the reading of this report. It is suggested in item No. 1 that this be the last meeting of this committee. Your steering committee felt, in view of the fact that it was hoped—at least, it was hoped a few days ago—that the session would be over by the end of this week, that this should be our last meeting. Under item No. 2 we would deal with questions as prepared and presented by members at previous meetings.

I had thought that Mr. Berry would be presenting a further brief today but he informs me he has completed his presentation of briefs so that he will be before you for at least fifteen or twenty minutes longer for questioning.

The question of priorities was given considerable thought by the steering committee with a view to expediting sales or possibly making it easier for the War Assets Corporation to take quick action in the disposition of surpluses, but we were careful to recommend to you that directives be authorized in respect to veterans. That was brought up by at least half a dozen members of the main committee. We meant by directives those, for example, as have already been given by the president of War Assets Corporation, but perhaps a little more far reaching and more definite particularly in respect to trucks, cars and other equipment which might be of value to the ex-service man in re-establishing himself.

The question of staff was also given consideration. While Mr. Berry has informed me since this report was prepared that National Selective Service was not of a great deal of value to them, we wanted the committee to know that we had given this consideration.

Mr. BERRY: I should like to qualify that by saying that I am looking for highly paid people.

The CHAIRMAN: Mr. Berry says because he is looking for the higher salaried type of employee. I think that covers the recommendations. If it meets with your approval I should like to have the motion put.

Mr. STEWART: There is no motion yet?

The CHAIRMAN: No. Would someone who was present at the meeting of the steering committee move the adoption of the report?

Mr. CLEAVER: I move the adoption of the report.

Mr. GOLDING: I second the motion.

The CHAIRMAN: Moved by Mr. Cleaver, seconded by Mr. Golding.

Mr. STEWART: I am on the steering committee but because I was out of town last week I could not be present at the meeting. I do take exception to the first recommendation that this be the last meeting of the War Expenditures Committee. According to the information we have been given we are disposing of surplus assets at the rate of \$10,000,000 a month or will be shortly. I assume that is the sale price and not the cost price. I repeat what I have said before. This is one of the most important committees of the House of Commons. We will not be able to meet again before April. I have not the faintest idea what will have been sold by then not only in Canada but possibly overseas as well. I do not think we can afford to make this the last meeting in view of the fact that this committee will die with prorogation of the House whenever that takes place and there will be a considerable gap of time between the termination of this committee and the time when we will sit again. I should like to suggest that we consider seriously the advisability of recommending that this committee be formed into a royal commission to investigate all the ramifications of the War Assets Corporation and what is being done with war assets which were paid for by the money of the Canadian people.

I believe it is our duty to investigate this as far as possible, not in the sense of a fishing expedition but in the sense of being of as much assistance as possible to the officials of the government.

Mr. JACKMAN: As you will recall, at the steering committee I put forth a similar idea that if this committee was to be of any real service in connection with the disposal of war assets, and economics, we should not have a large gap between the prorogation of this session and the opening of the next one which may be in March or perhaps as late as April. Otherwise we are merely going to perform an autopsy rather than to be helpful to the government by recom-

mending methods or policies which would be helpful in the disposal of these assets. I am speaking for myself at least, and I think perhaps for some other members of my party, when I say that consideration should be given to asking that the rules be amended so that we can sit or if necessary that we be turned into a royal commission in order that hearings may go on some time between now and the assembling of the next session.

Mr. SHAW: Mr. Chairman, I feel that this a matter which should be given our consideration. Personally I concur in the views expressed.

Mr. MARQUIS: I do not see why a royal commission should be appointed now. We have been asked to investigate these matters. We have started to do our job, and I think we will have time after the recess to investigate further. It would seem that we are asking for a royal commission to investigate faults or something that we cannot foresee right now.

Mr. CLEAVER: Mr. Chairman, on this occasion, as we have on many other occasions in connection with war expenditure committee work, we are faced with the time where we, as a committee, have to make a decision. I know that every member of this committee wants to do nothing but be helpful. We have had the top ranking officers of War Assets Corporation before us now for a matter of some weeks. They have been very generous with their time and have given us answers to all questions that we have asked. We have had the fullest opportunity of making suggestions to the officers of this corporation which I am sure will be helpful to them. I am sure that they will take cognizance of these suggestions.

I think, however,—and I feel rather strongly about this—that we have now reached the time where if we were to take up the time of these officials very much longer we would defeat the very object that we are seeking to achieve and we would be hampering the work of the corporation rather than furthering it. I think at this meeting if any member still has any further suggestions that he wants to make he should make those suggestions. Personally I have not been able to attend all meetings, but I have followed the record very closely. I do not want the occasion to pass without expressing my personal appreciation to Mr. Berry and his very able staff for the efficient way in which in so short a time they have organized and undertaken this stupendous task. I do feel, however, that while if we took up a further study of this matter for some weeks perhaps we might come across some additional suggestions that we would like to make yet I think that any good that might flow from those suggestions would be far offset by the fact that we are keeping these men away from their jobs. I intend to support the report of the steering committee.

Mr. REID: This is a matter to which I have given some thought since the steering committee drew up the report. I was one of the members of the steering committee. One of the thoughts which has troubled me is, what are we after, what is this committee going to do? Is it the duty of this committee to find out if material is being thrown away for nothing or being destroyed when it should not be destroyed? What are the objects of this committee? If the object of the committee is to safeguard the public first of all then we must on that account leave the men who are in charge, if we have confidence in them at all, to dispose of that material. I suggested at the first meeting we had, and I believe it is still a wise suggestion, that in so far as the public is concerned that if before large amounts of supplies are disposed of there was a committee on which there were representatives of the people and representatives of labour to decide whether say 50 or 100 planes should be disposed of or burned, as is going on in the United States, that would be a good plan. At one fell swoop they burned \$50,000,000 worth of airplanes and there was not a whimper about it. You try that in this country and there will be a great outcry from one end of the country to the other. They will say, "here is what the government is doing."

Mr. HOMUTH: That is because they do not like the government.

Mr. REID: It is not altogether that. Perhaps if I were in the Opposition I would be looking for something with which to dig into them, too. There is always a little dig at the government in power that here they are falling down. In the United States they took a wise course by putting on the committee representatives of labour and representatives of the consumers who were trained people. They called in experts before they decided what to do with that material. Here we are coming near Christmas. I am wondering if the committee did decide to sit how many members of the committee would find it possible to remain in Ottawa or would care to remain in Ottawa now until the House meets again. They might come back a little earlier but let us be frank. It is all very well to talk about sitting. As far as a royal commission this committee could not become a royal commission because we are not investigating any wrong doing. We are looking into the matter of economies.

Mr. JACKMAN: What about the price spreads commission?

Mr. REID: As to that charges had been made about cartels and price cutting, if I remember correctly. I attended many of the meetings of that investigation, but to keep to the subject we are discussing I for one think that before we decide this question we had better decide on the full duties of the committee, what we are going to find out and what we are going to recommend. Before we put the question as to whether we will sit I think you had better take a poll of the members to find out how many are willing to sit and are prepared to sit right through until the House meets again.

Mr. MACDONNELL: In rising to speak I do so with a little hesitation because unfortunately I have not been able to be present at all meetings. There seem to be so many meetings these days that unless you can split yourself into two or three personalities you cannot attend them all. Some days I could not split myself vertically and have very much left. I want to ask one or two questions in case anyone else feels the way I do. Personally I do not feel that up to the present I have done a single thing on this committee. I do not feel that I have got any grasp of the situation. That is partly my own fault because I have not had time to read as carefully as I would have liked everything that has been done, but further I feel that even if I had had a chance to get a grasp of everything that has been put before us it seems to me that up to the present—and this is not a criticism of anybody—what we have been doing is just hearing about the general policy which the corporation is following and which, I must say, seems very successful.

I should like to ask this question. I think Mr. Reid's observation is a very pertinent one, but if we found that a considerable number of members could come even for a short time my feeling is that if we could get even a week in which we could concentrate on this, in which we could be continuously at work on it, speaking for myself I think that I might be able to get a grasp of the situation and I would feel that my being on this committee has been worth while. The alternative seems to me very unsatisfactory. It may be inevitable but it is very unsatisfactory. We cease to meet to-day or perhaps have one further meeting. Then we have no more meetings for some months during which time the corporation naturally goes ahead and transacts a great deal of business. After making allowance for what Mr. Reid has suggested if it turns out that a reasonable number of people could be here I would think that even if we could only have a week and turn in on this thing and concentrate on it we could do something worth while. I fully appreciate the objection to taking up a lot of time of the officials of the corporation first of all because it takes their time and secondly because I am sure they do not feel this is a highly rewarding form of entertainment to come and talk to us. Nevertheless this committee has been formed and I do not think any of us want to feel at the end that it has just been

a pleasant time together and that it really has not got anywhere. By getting anywhere I do not mean hunts for scandals or anything of that kind. I am not thinking of that at all or even fishing expeditions. My feeling is that as far as I am concerned there are certain things that I do not know, that I do not feel I have got a view on and that I should like to have the opportunity of reaching a view on so that I could go back to my constituency and say, "If you study this thing as far as I can see not only is the theory they have outlined satisfactory but so far as our investigation can go we think the practice is satisfactory, too."

MR. PROBE: Mr. Chairman, this very important committee has now had eight sessions. I believe this makes number nine. They are called for 11.45 but with the delay in getting started they average an hour apiece. We have had eight hours to investigate what was intended to be—and again this is not a particular reflection—the investigation of war expenditures and the making of recommendations with respect to economies in the disposal of the assets accumulated during the period of the war.

We had certain briefs presented, which I have studied with as much care as I am capable of, illustrating what has been done with respect to one branch of the general war expenditures field, that of war assets. I must confess that I have still no clear picture as to the working of War Assets Corporation. I have heard of the policy. I have also heard that there were exceptions made to the policy. I do not know on whose authority those exceptions were made. I do not know if during the recess of the next two or three months, should this committee now dissolve, the whole of the property that will be allotted to War Assets can be disposed of in the interval by a wave of the hand of the Hon. C. D. Howe, or whether Mr. Berry or anyone else can do that. These things that have been done in the disposal of \$40,000,000 worth of assets do not follow the drill which I asked about very specifically in previous meetings. A certain drill is laid down and then I find that for certain types of equipment there are exceptions made to that drill. I want to fix the responsibility for that. I think we should also investigate the Crown companies which were the property of the Department of Reconstruction. In other words, in eight hours we have accomplished practically nothing, in my opinion; and I feel that we should get down to serious study. I do not believe one week's study would do it, but certainly one week's continuous study might give us a better chance to get a picture as to what they have been doing with Canada's money with the assets of the Canadian people. And this is no reflection on Mr. Berry or his staff, or on the Hon. C. D. Howe; but the point is, if we are doing things with national property in a certain way—I want to be able to answer to my constituents that it has been properly done, and I cannot say so at the moment.

MR. CLEAVER: Will the honourable member permit a question?

THE CHAIRMAN: Will you please address the chair, Mr. Cleaver?

MR. CLEAVER: Mr. Chairman, might I ask a question of the gentleman who has just spoken?

THE CHAIRMAN: Certainly.

MR. CLEAVER: We have had these officials before us now for some three or four weeks. We have taken their time and they have outlined to us the organization which they thought would be the best type of organization to dispose of this surplus equipment, and they have outlined to us the best policy which they have been able to devise for the efficient and quick handling and disposal of these assets. And now, don't you think we should send them back to the work without any suggestions we have to make for changes in any of their proposals for carrying on the work? Personally, I do not see why we should not make such suggestions if we see any ways in which they can make changes that would improve their set-up. And, Mr. Macdonnell, if you had had the opportunity of

attending our meetings. I think you as a business man would share the point of view which has been laid before us; I just want to ask you this question, have you any criticism or suggestions whereby Mr. Berry or any other member of his staff could improve the efficiency of the work?

Mr. PROBE: I think that I have.

Mr. CLEAVER: Would you give them now?

Mr. PROBE: I have made some here more than once.

The CHAIRMAN: Gentlemen, I do not want any controversy going on. If you want to make any suggestions I would ask you to follow the usual procedure, which is to address the chair. I do not want to appear to be officious.

Mr. PROBE: I think these meetings have been informal up to now and I think we should continue on that basis. The point is, Mr. Chairman, War Assets Corporation have outlined to us what seemed like a sound procedure for the disposal of war assets. And now, mind you, that is only one phase of our enquiry, as I read the terms of reference.

Mr. CLEAVER: It is the main phase.

Mr. PROBE: Politically it is the main phase—he has outlined to us, for example, that the War Assets Corporation has on instruction or as a matter of policy decided that it would give certain governmental priorities for the disposal of surplus assets which the public of this country want. With that principle I am in agreement, whether the rest of the members of this committee are in agreement with it or not. I think that that is fine. It has broken down, however. Mr. Berry has stated that priorities were a constant headache, and are a constant headache to his department.

Mr. CLEAVER: Well, that is inevitable.

Mr. PROBE: I suggested to him that it could be speeded up if he made this thing automatic. The minute you make an exception to rules you slow the thing up.

Mr. CLEAVER: What are the exceptions?

Mr. PROBE: There is only one which has come to my attention here as a result of being in the committee, that was the disposal of the eighty-four four-wheeled drive vehicles a few days ago in which priorities were ignored and the sale was made of a portion of them back to the manufacturers of the vehicles.

The CHAIRMAN: Ten trucks, were they?

Mr. PROBE: Ten trucks, yes; ten of the eighty-four. The point is that the public bodies of this country need at the present moment to replenish their stock of certain equipment which the people of Canada already paid for. Now then, the War Assets Corporation being a business organization and wanting to do their job efficiently and needing to pay heed to priorities has failed to make it possible for the public bodies quickly to assert their priorities.

Mr. CLEAVER: Did the public bodies fail—

Mr. PROBE: Now, just let me carry on. Yes, they did fail.

Mr. CLEAVER: I do not know that you are fair in putting it that way.

Mr. PROBE: May I finish? Here is the point; and as soon as the Crown Assets Allocation Committee tells the War Assets Corporation that certain materials are now turned over for disposal, as a matter of drill, as a matter of straight automatic routine, all public bodies of this country should be informed through the federal government and through the nine provincial governments—they can break that down to the municipal bodies and the school boards beyond that, and arrangements could be made to have that done quite successfully—saying, now certain materials in a certain state of repair in certain locations are

now available at a certain ceiling price. They have failed through getting ceiling prices too. There is no reason why we should not know from the declaring bodies what the book value of the materials is which they have to turn over to War Assets. And, if these sheets are made up for other bodies ten copies, one to the federal government and one to each of the provincial governments, could be sent out in the mails saying, now here you have got two weeks in which to assert your priority on that. We are not going to sell the surplus assets in this country in two weeks or two months, probably not in two years—so that possibly two weeks is not too long a period—give them three weeks if you like—have a definite date beyond which the priorities no longer apply, and then the public bodies concerned may inspect these goods they wish, may claim them. If they do not claim them within that period of time automatically War Assets will then distribute them through channels which they have already set up through the trade. Now then, there is a serious omission there I feel, and one which the steering committee has taken cognizance of, and that is the fact that no special consideration has been given to veterans' organizations, and I believe—

The CHAIRMAN: I think I should correct that so it will not go on record; they have given special consideration to veterans, they have issued directives to dealers in all regions.

Mr. PROBE: I will take that back then. The point is that there has been no official contact with veterans. Now then, that could be done in one of two ways; through the Department of Veterans Affairs or through the various veterans' organizations scattered throughout Canada. Perhaps the second method might be the quicker method for disposal but it will involve more work on the part of the corporation when it comes to making the details of articles available for disposal known. All surplus assets will have to be declared and naturally the amount of paper work involved will be considerably expanded. It might be done through the Department of Veterans Affairs, and if it were done through veterans affairs they could set up their own machinery from there. And now, it seems to me that a large number of dealers should be included in this disposal.

(The division bell ringing.)

The CHAIRMAN: Gentlemen, the committee will stand adjourned until after the vote has been taken in the House.

The committee adjourned at 12.10 o'clock p.m.

The committee resumed at 12.30 p.m.

Mr. PROBE: Mr. Chairman, may I just conclude now what I was about to say in answer to some questions of Mr. Cleaver's. I had suggested that, with respect to the handling of priorities for veterans, the machinery might be set up by cooperation between War Assets Corporation and the Department of Veterans Affairs or by War Assets Corporation through the various veterans' organizations throughout the Dominion of Canada.

There are two other short statements I should like to make. One is that, in declaring the surpluses of the government departments, there has been no investigation by our committee of the procedure by which, shall we say, the army decides to move these trucks or this equipment all to one central point, as was indicated was taking place by Mr. Berry or by one of the members of War Assets Corporation.

The CHAIRMAN: Did you say to one central point?

Mr. PROBE: Well, to central points.

The CHAIRMAN: Yes.

Mr. PROBE: I had better put it that way, perhaps.

The CHAIRMAN: Yes.

Mr. PROBE: Because what has been happening thus far, from the sales that have been made, the sales are largest, quite naturally in the provinces of Ontario and Quebec; but it has been indicated even in this committee from time to time that the services themselves are moving equipment from areas or from provinces to further congest the situation in the provinces of Ontario and Quebec, and the sales pretty well bear that out. Take, for example, the situation in Ontario and Quebec. Already in the two provinces there have been disposed of \$27,000,000 or \$28,000,000 worth of assets, according to the report which was tabled here by War Assets Corporation, as at October 31, and the prairie provinces have between them received less than \$2,000,000 of this material. Although there is just as much demand for it there as there is here. For that reason I think we should examine, through this committee, the way in which the services themselves have caused their surplus materials, before being declared surplus, to be moved from one depot to a central disposal point.

Mr. GOLDING: Is that actually happening? Do you know that?

Mr. PROBE: That is the suggestion; as I said very clearly, that was the suggestion that was offered in this committee by way of explanation as to why certain equipment was not to be found in certain places where it was seen in the past two years.

Mr. McILRAITH: But you cannot put real estate and ships on the prairies.

Mr. PROBE: I feel that this committee should investigate where that has been going on. Further, we are not absolutely clear in this committee just what the rights of the manufacturers of this variety of equipment are with respect to having a prior claim to assets, even before the claim which apparently goes to priority bodies, and I think that should be cleared up; because while I know Mr. Berry has said the priorities are all exercised or may be exercised by the provincial governments, yet he gives certain exceptions and I want to know to what extent those exceptions have existed. I feel that the Honourable C. D. Howe will have to come back here to be again interrogated. He gave his statement first and we did not get a chance for a follow-up on that. I think Mr. Howe has quite a lot to offer to this committee.

Mr. STEWART: In order to bring this matter to a head, Mr. Chairman—

The CHAIRMAN: Just a minute, Mr. Stewart. You have already spoken. Are there any others who wish to speak on this question?

Mr. CASTLEDEN: I wish to move an amendment.

Mr. GOLDING: Mr. Chairman, I have listened with considerable interest to the proposals or suggestions just made by the last speaker. I do not know whether his conclusions are in accordance with the facts or not, but there is that field there which I think the members should be given further information on.

We have had briefs submitted here which have clearly outlined, as far as we have gone, the set-up of this corporation, their duties and their responsibilities. There has also been outlined to us their method of procedure in disposing of surplus materials. Our friend here has some suggestions to make, which he has made this morning, and which he claims he has made before. I think those suggestions will be entertained by the officials of this corporation, so that there may not be any good purpose served, for that particular reason, in holding further meetings.

Every member is free and has been free to make any suggestions at all to the officials of this corporation, with respect to any way in which he thinks the sale of these products can be more efficiently managed and the public interest protected.

Mr. SHAW: Subject to the time condition, of course.

Mr. GOLDING: Yes. That is right. It has been suggested that the chairman ask the members of the committee who would be available for meetings, if further meetings were to be held. I may say that, as far as I am personally concerned, I have never been on any committee that I did not feel it my duty and responsibility to attend; and if the committee decided that they were to have further meetings, as we had with the War Expenditures Committee, I would feel it my duty to attend. But the question we have to decide now is what good purpose would be served by holding meetings for a week or 10 days, or anything like the number of meetings that have been indicated. The fact of the matter is that there are many members here this morning who feel that they have not got any information, that every attempt they have made to get information has been frustrated and all that sort of thing. Would there not perhaps be the same feeling if we met for another week? We have been given information and we have been given a pretty fair set-up of the corporation. It now comes to the point of just what good purpose is going to be served by the committee holding meetings when the House is not in session. I believe that every member of this committee has some suggestions to make to the corporation, and they can make those suggestions this morning, or they can make them to the corporation in writing any time they feel like doing so, and their purpose in that respect will be served just as well and just as usefully as it would be served by a meeting here after the House has adjourned. That is my own personal opinion. I give you that for what it is worth. If I were going to be asked to vote as to whether the committee would carry on between this session and the next session, I would vote against that. But if a majority carried the motion, of course I would do what I should be expected to do as a member and attend the meetings as much as I possibly could. I just give you that, Mr. Chairman, as my viewpoint. I do think that every member of this committee should be free and feel at liberty to write to the officials of this corporation and make any constructive suggestions he thinks he should make; and I am satisfied that any such suggestions will be given serious and careful consideration.

Mr. SHAW: Mr. Chairman—

The CHAIRMAN: Mr. Shaw you have already spoken. Would you allow Mr. Michaud to speak.

Mr. MICHAUD: Mr. Chairman, I just want to make my position clear in this committee. I wish to say that I agree entirely with the remarks made by Messrs. Cleaver and Golding. I do not see what good purpose would be served by pursuing the matter any further. As far as the matter of a royal commission is concerned, I do not see any shadow of justification for that at the moment. There has been no scandal divulged; and even if there were foundation for that, by the time a commission came out with its report probably it would be too late to make any recommendation that would be of any great practical result in this connection. This is the place to make suggestions. Some members of the committee have made suggestions to the War Assets Corporation with regard to what might be done to improve the disposal of assets. If some other members of the committee feel they have further helpful suggestions, I would think that this would be the place to make them now. If the vote is taken in this matter, I will uphold the report which was tabled at the beginning of this sitting.

Mr. STEWART: I have spoken to the motion, but I should like to submit an amendment.

The CHAIRMAN: Mr. Castleden has the floor.

Mr. CASTLEDEN: Mr. Chairman, this committee during the process of its sittings has heard a flock of briefs as to the organization of War Assets Corporation. The history of War Assets since 1944 has shown that, at any rate, this organization is liable to constant change and fluctuation. We had War Assets Corporation Limited, with one set of officials. Within a year we have another complete set. This committee is in its eight sittings, as I said, has got the detail of the machinery which this particular organization has set up. We should like to know how it is functioning. We should like to see it in operation. This company or corporation is selling probably \$10,000,000 worth of material every month. It has billions of dollars worth of material to sell. We are told what kind of disposal organization is set up, but is it performing that function? Can we go back to the Canadian people or can we report to parliament that everything is rosy, that everything is operating within War Assets as it should, that it is being carried on as it should and is doing well? This thing may change next week. The power of the minister is almost unlimited under the Act. The Canadian people want to know what is happening to the billions of dollars worth of assets which they still own, and which it is still the responsibility of parliament to dispose of at the best rate possible. We want to be sure that an organization which is in a constant state of flux—

Mr. CLEAVER: Of improvement.

Mr. CASTLEDEN: —is not fluctuating in such a way as might be detrimental. How can we as a committee say, "Oh, well, we will let it go now, between now and January, February or March, and then probably after the debate on the speech from the throne is finished we can set up another committee about next June."

Mr. CLEAVER: Can you offer any suggestions now?

Mr. CASTLEDEN: I do not think we are performing our functions as a committee and carrying out our responsibilities to the Canadian people unless this committee continues to function and is given active access as to the operation of War Assets Corporation.

Mr. McILRAITH: It has been given access to everything.

Mr. CLEAVER: We had that.

Mr. CASTLEDEN: We have been given what the sales were.

Mr. McILRAITH: You got everything you asked for.

Mr. CASTLEDEN: They have shown the number of sales. We were given here the other day the fact that not even the original costs of the things that were being sold were being maintained in the record. In some things I can see that that is quite impossible. We were also told that there was no overseas account being kept.

The CHAIRMAN: Just a minute. We cannot allow statements like that to go on. There is a thorough audit plus the Auditor General's supervision and final audit.

Mr. CASTLEDEN: Yes. But I did not say there was no audit being done, did I?

The CHAIRMAN: You would leave that impression in the way you said it. I do not know what the exact words were, but I believe that would be the feeling of the committee and of any one who heard what you said; the way in which you said it would indicate that there was no audit being carried on.

Mr. CASTLEDEN: I think that is the last thing that I intended to imply. I was very emphatic in my questioning with regard to the audit, so that we understood there was one. I said there was not an overseas account being kept.

The CHAIRMAN: I do not know just what you mean by that.

Mr. CLEAVER: What do you mean by overseas?

Mr. CASTLEDEN: An account in Great Britain. War Assets was not operating in Great Britain. There must be millions of dollars worth of material being disposed of overseas.

Mr. CLEAVER: Before that point is left, may I say that I understand that there was a working arrangement: Canada was helping Great Britain to dispose of her assets here and Great Britain helped us to dispose of our assets there.

Mr. CASTLEDEN: Through the army or War Assets Corporation?

The CHAIRMAN: Gentlemen, would you just allow me to say this. We presented a report. We faced the same problems, discussed them in our steering committee and finally prepared a report dealing with various phases of the activities. Unfortunately Mr. Castleden was not a member of the committee in the early stages and perhaps he is not as familiar with the situation as are other members. Perhaps he did not read the report. I do not know.

Mr. CASTLEDEN: I read the report.

The CHAIRMAN: We definitely laid down certain lines which we would follow. The report reads "Your steering committee recommends" and then they deal with (1) The Crown Assets Allocation Committee; (2) War Assets Corporation; (3) The Commodity Prices Stabilization Corporation, Limited and (4) The Wartime Prices and Trade Board. Now we have had the complete set-up of the first two and we would have proceeded along that line as directed and approved by steering committee. When you start to make statements that are not according to fact, I think we should not let them go. There is one other point. We also agreed that there would be no long speeches. I do not think a report of this kind requires any long speeches. It is a question as to whether you want to accept this report or suggest something else.

Mr. CASTLEDEN: Mr. Chairman, I believe that every statement I made was in direct accordance with the facts and I somewhat resent the statement you made that they were not in accordance with the facts. I believe everything I said was in accordance with the facts. I am merely speaking of the importance of this committee continuing to function. That is the thing I am particularly interested in.

The CHAIRMAN: Well, speak to that then.

Mr. CASTLEDEN: I think, because of the very way that this corporation is functioning, we must have a continuing committee. I believe the Canadian people want to know how this material is being disposed of. I think we are failing in our duty from a publicity angle. I think that this committee should be able to visit these various disposal plants throughout Canada. I think we should have known, or a committee of this House should have known something about the deal with regard to the sale of Research Enterprises Limited, and things of that type. We have a billion and a half dollars worth of Crown companies in this country with tremendous assets; and I maintain that as the representatives of the Canadian people, it is our responsibility to see that the full facts of these are made public and that the people may know what is happening to their goods.

Mr. MACDONNELL: May I ask a question, Mr. Chairman? Am I wrong in thinking that there were certain specific points which were taken up or which were presented to the steering committee, which were raised specially

for consideration by this committee? And may I ask what decision the steering committee arrived at with regard to them?

The CHAIRMAN: Would you mention what you have in mind?

Mr. MACDONNELL: I myself sent in a letter to you which mentioned a couple, I think, without going into further details, and I think others did too. I do not carry the details of those in my mind. I think perhaps there might be quite a number. But my question still is: what did the committee decide with regard to those? Are those to be left over until this committee meets again in some months?

The CHAIRMAN: The committee had that before them in their deliberations, and in their second paragraph recommended that the period from 12 to 1 o'clock be set aside to deal with those very questions, Mr. Macdonnell.

Mr. MACDONNELL: That is, the questioning of the gentlemen who presented briefs?

The CHAIRMAN: Yes, any questions. I might say that Mr. Macdonnell was the only member of the committee, as far as my memory serves me, who carried out the request of the chair, which was approved by the committee, and put his questions in writing.

Mr. MACDONNELL: I am sorry to be so persistent, Mr. Chairman, but I had thought there was a fair amount of matter debated in the House that it was intended to discuss further here. Is that not one?

The CHAIRMAN: If it were brought up by any member of the committee, it would be.

Mr. GOLDING: May I ask one question, Mr. Chairman, in regard to the steering committee's recommendations from time to time. Is it not true that the recommendations were to the effect that the committee was anxious first of all to get the set-up of this corporation and its method of operating?

The CHAIRMAN: Yes.

Mr. GOLDING: And I think members from time to time here stressed that that was the important thing for us to get. Is that true?

The CHAIRMAN: Very definitely.

Mr. COTE: That is right.

Mr. STEWART: May I move an amendment to the report, Mr. Chairman? But first of all may I say that both Mr. Cleaver and Mr. Macdonnell are quite right. What we have had is a picture of the over-all work of War Assets Corporation. I think I am speaking the mind of everybody here when I say that nothing we say or ask for should be construed in any way as a reflection on Mr. Berry or upon those who are assisting him. But there are many specific details which we know nothing at all about yet. There is the matter of the Fairmiles. There is the matter of this advertising in the *New York Times*—two former Canadian corvettes can be obtained at a small percentage of their original \$260,000 cost—you may own one of these. We have not had a chance at all to examine the details, and it is rather too late in the session for us to undertake that now. I want to know something about the sale of the building No. 14 of the Research Enterprises plant at Toronto. I would like to know something about these corvettes. I would like to know something about the question raised by Mr. Macdonnell. I would like to go further into this Cardozza case. No charge is being made at all in any of these matters, but we want to know what are the facts. If we are going to rise now and not sit again until next April I think we are going to be remiss in our duty; therefore, I would move as an amendment to paragraph 1 of the report of the steering committee that the work of the committee be continued and that it be formed into a royal commission. That is moved by myself, seconded by Mr. J. L. Probe.

The CHAIRMAN: I take it for granted that you know what is meant by a royal commission?

Mr. STEWART: Yes.

Mr. MACDONNELL: I apologize for speaking again, but I rise again to ask a question; as I understand it, I told Mr. Chairman, that the only way in which we can continue during the recess is as a commission. Is there no other possible way? Commission sounds to me so unpalatable, so connected with the idea of an inquiry. I wish it were possible to do it in some other way. So that I will not tire you by rising again, Mr. Chairman, may I just add this with respect to the amendment, that I would hope that perhaps the actual detail on it might be changed so that we could proceed in some other way. I do want to say this with regard to the merits of it. Mr. Castleden used a phrase which expresses exactly what is in my mind; we want to see this operation, and we have had a very satisfactory exposition of the principles which are being followed. But I think that is only one part of it. And, frankly, Mr. Chairman, if this committee left its work—and I want to be very, very careful in what I say—we have only had a certain limited time in which to go into this matter (and I do not want to say anything that would be objectionable to anybody) but I think I should tell you exactly what is in my mind; that I think if this committee were to end its work here that its report would be largely eyewash.

Mr. SHAW: Mr. Chairman, as already stated, we have to date—

The CHAIRMAN: You are speaking to the amendment, are you?

Mr. SHAW: Yes. We have received several very excellent reports from the officials of War Assets Corporation and also the Allocation Committee. I feel that we have not gone beyond that point. It was indicated that we had every opportunity to question. I say, that is not true, because we have always been fighting against time; and I am not one who likes to engage in a filibuster, shall I say, but I could have kept this committee going for three or four hours myself with respect to certain matters which we have not yet had an opportunity to touch. Now, your report indicated that we should make a certain recommendation with respect to priorities. I believe in his brief Mr. Berry stated that priorities constituted a headache. I am not saying priorities as such, and as they are; but we have had no opportunity to make recommendations with respect to the operation of priorities in the set-up; and, moreover, I would suggest to you that innumerable difficulties could arise and possibly they would be greater if the priority system were eliminated. I am not prepared at the present time to eliminate, or even to recommend the elimination of the priority set-up, because I think the evidence has produced some suggestions which might assist in making priorities work. And now, Mr. Golding suggests that we could write the War Assets Corporation. Well, that is fine. I have communicated with them. They have been most cooperative. But after all I ask you then, why the committee in the first place? Why the committee, if that is the method to be used. I think that sometimes men can be so close to their work that they cannot see important things and a committee of this character can be of valuable assistance. With respect to priorities, let me give you one illustration; many of the members, I think, have referred to the recruiting hut down here which was offered for sale, tenders were called, the public were interested; and then, all at once the department stepped in and exercised its priority. That is one little thing which indicates to me that there is something radically wrong with the present priority set-up; nothing basically wrong with the priority principle. I think if we are going to make a report to parliament that we cannot go much further than to say that we have given some consideration to the matter of War Assets Corporation. If we are going

to sit, and I for one feel that we should carry on, I would like to make one suggestion; I would like to be home for Christmas in the meantime. I would not like it to be continuous as from now on.

Mr. CLEAVER: Mr. Chairman, I asked Mr. Probe a question and he was kind enough to answer in detail, which I hoped he would do. He has given us three reasons why he thinks that this committee should continue with almost continuous sittings. I want to say that I find myself in almost complete concurrence with the three points which he has raised, but those three points did not lead me to believe that any further conferences with the officials of War Assets should be of any assistance. I think in regard to these three points that we as a committee should debate them and reach a conclusion with respect to them if we can. Now, to deal with the first one, priorities and a cut-off date for them; it might well be that a cut-off date on priorities would be helpful and would speed up the work of the corporation. Then he referred to the fact that we might be able to advise on better means, more effective means of securing priorities for veterans. That also was on my mind, and if any better means could be devised, if we as a committee can suggest any better means to effect a proper priority for veterans it is our job to bring in a recommendation to that effect. Then he raised the point that the allocation of certain war equipment has been changed to the detriment to consumers in the western provinces. And now, if that is going on, if we are wasting money in freight rates in moving equipment that could be just as well sold in the west to move it down east, losing freight rates and losing time; that commends itself also as something which should be changed. So that I find myself in almost complete agreement on those three points that have been raised; and those three points that have been raised lead me to the conclusion that this is something for the committee to discuss among ourselves and reach an agreement on if we can.

Mr. PROBE: When?

Mr. CLEAVER: Now. Why put it off until the day after to-morrow. Do it now, this afternoon; meet to-night. Do you think it would take very long, Mr. Jackman, for us to reach an agreement on those three points?

As to the point raised by Mr. Macdonnell in regard to the Fairmiles, and the Fairmiles were not the only question I recall that he did raise; now, I have been here in the committee—it is unfortunate that Mr. Macdonnell was not here—but I was here and I heard that Fairmile question very fully answered, Mr. Macdonnell—on account of the nature of the construction of the vessels, on account of the high-powered units, and so on; that is all in the record and I do not need to go into that. I would be glad, Mr. Macdonnell, to refer you to the day's proceedings, and I assure you you will be entirely satisfied with the answer which is there. As to this suggestion that the work of this committee constitutes eyewash, I know that if Mr. Macdonnell had been regularly in attendance at the sittings of this committee he would not have said that. So far as I am concerned, instead of it being mere eyewash, I think we have accomplished the major part of the object for which the committee was set up, that we have discharged the duty we had to perform. I do not think it is eyewash for the committee to look into the operations and the procedure of this organization. We are to find out whether we can make any constructive suggestions to improve that organization and to improve the manner in which they are carrying on their work. Having heard all that evidence, if we have any suggestions to make, let us make them, let us do it now. Why put it off until February or March?

Mr. CASTLEDEN: Would you permit a question there, Mr. Cleaver?

Mr. CLEAVER: Certainly.

Mr. CASTLEDEN: How can we make a constructive suggestion about the operation of the War Assets Corporation when we have not seen it work?

Mr. CLEAVER: We have the story now. Do you want to go down to the office and see the clerks working there? Do you want to go to an auction sale? I have been to an auction sale.

Mr. CASTLEDEN: I should like to know how the auction sales are run.

Mr. CLEAVER: They are run by auctioneers.

Mr. CASTLEDEN: Are there any priority bids made? Is there any arrangement made with buyers prior to the time the auction is opened?

Mr. CLEAVER: We have all that. Where five or six buyers bid the ceiling the names are put in a hat, and all that kind of thing.

Mr. CASTLEDEN: I maintain that as to the disposal of war assets if we do not see the inner workings and the way it is handled we cannot make proper suggestions. All we have been given is an outline of the machinery.

The CHAIRMAN: It is one o'clock. We have an amendment. We have the report from the steering committee.

Mr. JACKMAN: I would suggest an amendment to Mr. Stewart's amendment, that parliament be asked to give this committee power to continue its sittings during prorogation.

Mr. MACDONNELL: I will second that.

The CHAIRMAN: Will you put that in writing, Mr. Jackman? In the meantime I will say a word or two. I had made a note on my agenda that at 12.45 we would as a committee consider our third report to the House. I hesitate to give you a portion of that report now because I do not think it would be following the usual procedure of committee work, but at the risk of doing something not entirely correct I am going to read you the closing paragraph.

"Your committee feels that its inquiry has not reached the stage where useful comment on the evidence can be made and recommends therefore that a similar committee be appointed immediately after the opening of the next session to continue the inquiry."

We arrived at that conclusion because this committee was set up under a reference for a purpose, and for this session. I think I am correct in saying that it automatically dies when parliament ceases. We had looked forward to the closing of the session at the end of this week. With that in mind, and having before us what we thought was the expressed desire of the majority of the members to get home for Christmas, we could not do otherwise than to make the recommendation which we did. Unfortunately all members of the steering committee were not there. Possibly they may have held different views, but I want to say, without betraying the inner workings of the steering committee, that with one exception all were agreed on this clause and on the recommendations which would have been placed before you as the third report to parliament.

Mr. SHAW: That will be made known to us before it is reported to parliament?

The CHAIRMAN: I hoped it would be, naturally.

Mr. SHAW: I think it is necessary.

Mr. HOMUTH: Have you put the amendment to the amendment?

The CHAIRMAN: I might say that I do not consider Mr. Stewart's amendment is in order. We cannot constitute ourselves into a royal commission.

Mr. STEWART: I am quite prepared to withdraw my amendment.

The CHAIRMAN: Is that agreeable to you, Mr. Probe? You seconded Mr. Stewart's amendment.

Mr. PROBE: Yes.

The CHAIRMAN: Withdrawn. Mr. Jackman, seconded by Mr. Macdonnell, moves that parliament be requested to empower the committee to continue its sittings during prorogation. I wonder if that is possible. I am not sure.

Mr. HOMUTH: I am not sure whether this committee has power to have that done or whether we were in order in submitting it. Nevertheless, I think the feeling amongst the members that as there are so many things that have been said and so many things not answered with respect to the War Assets Corporation, that this course would be advisable. I know something of the tremendous job they have. I know something of the tremendous difficulties of selling things and certainly they must dispose of them because there are not places in this country where they can store them. I know something of the difficulties. But when men say something about the sale of this building or the sale of that building, and the burning of planes and so on, it leaves in the minds of the people of this country a feeling that there is tremendous waste, that some men are advancing their own interests to a very considerable extent as a result of these sales. The best thing that can happen to this House and the country is that these matters be cleared up. There have been no opportunities to do that to the extent that there should have been, perhaps, because of the business of the House and the few times our committee was able to meet. If it is possible to meet in between sessions then I think it would be very wise if we could simply say, that we will take a week;—not meet a couple of days in one week and a couple of days in another, but take the whole week—and take the specific cases that have been mentioned in this committee, the specific questions that have been asked, and let the official who has the most knowledge of that come forward and give the committee the information on it. If it is possible to do that, I think it would be a very wise plan. But I still have some question as to whether or not we have any authority to do that.

The CHAIRMAN: The same question has occurred to me. I agree with you, Mr. Homuth. I am very anxious about the matter. When I accepted chairmanship of this committee I did so with the understanding—and I expressed myself quite frankly—that I wanted to make an inquiry, not so much as to the disposal of war surpluses in a manner that perhaps we could have improved on, but rather as to whether we could effect any economies. The second part of the reference appealed to me to a greater degree than did the first part. I am anxious to continue our inquiries, but I am very doubtful as to whether we have the authority to do so. I agree with you on that. Now, it is after one o'clock—

Mr. JACKMAN: There is an amendment.

The CHAIRMAN: Yes. But it is after one o'clock. Do you wish the amendment put at the present time or would you like to discuss the report later in the afternoon without witnesses?

Some Hon. MEMBERS: Now.

Mr. McDONALD: Why not meet again?

The CHAIRMAN: Mr. Jackman and gentlemen, I hesitate to rule a motion out of order, but I am satisfied that your motion is not in order. If you wish me to postpone a decision on it, I will do so.

Mr. JACKMAN: Surely the House is the master of its own rules. It may be necessary to have unanimous consent, but as long as this committee is discharging its duty it is up to parliament to look after its duty.

The CHAIRMAN: That is all right. I am giving rulings as far as this committee is concerned.

Mr. CLEAVER: A special committee is dead once the session is prorogued.

Mr. JACKMAN: We are in different circumstances here. If we do our duty by saying what we believe to be in the best interests of all concerned, we don't

need to worry. If we are to do justice to the matters which lie before us, we must sit between now and the opening of the next session of parliament. Furthermore, may I just add that the experience during the war years was that we would do a much better job when we had no other interest trespassing on our time and to devote ourselves exclusively to war expenditures, or whatever matter was before us. As it is now, it is very difficult, almost impossible, to give this matter the concentration which it requires; and the only way we can do it is really to seize the golden opportunity, painful as it may be to everyone of us, to sit between now and the next session of parliament.

Mr. MACDONNELL: Surely, Mr. Chairman, I am right in saying that parliament has the right to do what it thinks best, it can act on a recommendation from this committee; at least, this committee has the power to make such a recommendation.

Mr. McILRAITH: The point is whether this committee has the power. We are bound by the rules.

Mr. COTÉ: Why not adjourn until this afternoon?

Mr. CLEAVER: We have a meeting of the banking and commerce committee and many of the members of this committee are also on that, and that committee meets at 4 o'clock. Possibly we could have the committee meet to-night or to-morrow.

Mr. GOLDING: To-morrow morning.

The CHAIRMAN: I am going to ask the clerk to read paragraph 533 of the Beauchesne's Rules and Forms:

The CLERK: "533. Committees may be authorized by the House to adjourn from place to place as may be found expedient—or meet at a particular place, but no committee can sit after a prorogation."

Mr. JACKMAN: Who made that rule?

The CHAIRMAN: I do not know who made the rules. The question came up and I have had that read as the answer to it.

Mr. MACDONNELL: Surely that has nothing to do with what we are talking about. I think we all realize that once the House prorogues the committee is at an end. We are asking for authority before the House prorogues so that we can continue our work. Surely we can ask parliament to do something which would empower us to do what we would like to do and what they have asked us to do.

Mr. GOLDING: I think quite a few of the members will recall what happened in the case of the special committee on price spreads and mass buying. That committee sat all the time while the House was sitting, and, after the House prorogued, in order to have the work of the committee carried on, you will recall that the committee was re-constituted in the form of a royal commission. That is what they had to do.

Mr. JACKMAN: That is what we thought might be done in this case, that the committee might be re-constituted as a royal commission.

Mr. GOLDING: Anyway, that is what they had to do.

Mr. JACKMAN: I would like to amend my own amendment, if Mr. Macdonnell will accept this. I would suggest that we adopt Mr. Stewart's original amendment; but I would add that in order to continue our sittings after prorogation, or that a royal commission be formed in the alternative.

The CHAIRMAN: The question is on the adoption of the report, and the amendment is to the effect that the report be accepted except with respect to the first paragraph, and the motion as made by Mr. Jackman, seconded by Mr. Macdonnell, substituted.

Mr. CLEAVER: I take it, Mr. Chairman, that the Jackman sub-amendment is withdrawn, and that the original amendment is also withdrawn.

Mr. JACKMAN: And the amendment now stands as follows: that this committee be empowered to continue its sittings after prorogation, or in the alternative that a royal commission be appointed.

The CHAIRMAN: I think it is out of order. I am quite sure it is out of order by rule 533 of Beauchesne's Rules and Forms. I am only guided by what is in black and white in front of me. Are you ready for the question, gentlemen?

Some Hon. MEMBERS: Question.

Mr. PROBE: Why should we as members of parliament hesitate to put through what is before us now? Why turn it over to a royal commission which may take two or three years to bring in a report? I do not know why it should be taken away from us members of parliament.

Mr. GOLDING: Let us have your amendment.

Mr. CLEAVER: Question.

The CHAIRMAN: Gentlemen, it is a quarter past one.

Mr. CASTLEDEN: I just want to point this out; I do not think any of the gentlemen here who want this change made care what form it takes; they merely want a commission or a committee to sit and continue the investigation. It is only a recommendation for the report of this committee.

The CHAIRMAN: It does not matter what they have in mind, that is what they put in black and white in the motion.

Mr. PROBE: Mr. Chairman, what you say, put in black and white, for us to recommend to the House of Commons is not good enough. Now, let us get to the root of the trouble. We have done nothing in eight hours in an all-important session. Eight hours, it is ridiculous. Here we are quibbling over something that is in black and white. I opposed that thing as you have put it there in every detail. We want to continue this investigation. I do not want to hear a lot of people going on and talking about things they don't mean, let us get down to brass tacks.

The CHAIRMAN: That sounds fine.

Mr. McILRAITH: There is one point arising—

The CHAIRMAN: I should like to answer that gentleman with the loud voice.

Mr. McILRAITH: There is just one point arising here. There seems to be a bit of confusion which has gone on all morning. It was the report of the steering committee which was being discussed, not the report to the House.

Mr. GOLDING: Question on the amendment.

The CHAIRMAN: Are you ready for the amendment? All in favour of the amendment raise their hands. Nine. Against the amendment? Eleven. I declare the amendment lost.

Mr. GOLDING: Now put the motion.

The CHAIRMAN: Now, gentlemen, I am certainly not going to make a report to the House until it comes before the main committee. I should like the committee to consider the report some time to-day or to-morrow. In the meantime we must dispose of the motion itself. All in favour of the recommendations as outlined by the steering committee?

Mr. CASTLEDEN: May I ask if this is the report to the House?

The CHAIRMAN: No, this is the steering committee's report which was laid before you earlier in the morning. All in favour of the steering committee's report? Ten. Against the report? Nine. I declare the motion carried. Gentle-

men, do you wish to consider at a later date the report to go before the House? Do you wish to consider a draft report to be presented to the House as the third report?

Mr. BLACK: I have not said anything today. I do not think we should. I do not think we have a copy of that report before us. I do not know by whom it was drawn up. We have not even the detailed report of the steering committee before us. We have a general idea because it was read, but I am not altogether satisfied. I am not satisfied at all. I do not think we should be asked to consider that report until there is a written copy placed before us for our consideration to be dealt with at an adjourned meeting.

The CHAIRMAN: I want to put on the record that we have a sufficient number of copies of the main report for all members.

Mr. BLACK: Drawn up by whom?

The CHAIRMAN: Drawn up by the chairman of the committee as is usual so as to have something to work on. It is the only way we can make any headway.

Mr. PROBE: Where were they?

The CHAIRMAN: They were right here ready for distribution at the proper time. There is a motion to adjourn by Mr. Black.

Mr. CLEAVER: I second it.

The CHAIRMAN: Carried.

The committee adjourned at 1.20 p.m. to meet again at the call of the chair.

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